Austria	Sch22	Indonesia	Rp3100	Portugal	Esc120
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rl67.00
Belgium	BFr48	Italy	L1700	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta145
Cyprus	C£0.90	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr10.00	Kuwait	Fils500	Sweden	SKr9.00
Egypt	E£2.25	Lebanon	SL125.00	Switz	SFr2.30
Finland	Fmk7.00	Lux	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.30	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr120	Morocco	Dh6.00	Turkey	L600
Hong Kong	HK$12	Neth	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr10.00	USA	$1.00

500

FINANCIAL TIMES

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Gulf War balance tilts against Iranians, Page 27

World News

Chirac tackles Le Pen dilemma

French Prime Minister Jacques Chirac embarked on a high-pressure campaign in the second round of the presidential election while President François Mitterrand flew to the West Indies.

Chirac's dilemma was how to woo the 14 per cent of the electorate who voted for right-wing National Front leader Jean-Marie Le Pen without alienating the 16 per cent who voted for centre-right candidate Raymond Barre. Page 28; New Caledonia shots, Page 2

Pacific Basin plan

A Pacific Basin organisation on the lines of the OECD was proposed yesterday by the US Under-Secretary of State for Economic Affairs, Mr Allen Wallis, in a speech to the Asia Society in New York.

Chernobyl all-clear

Soviet officials have decided it is safe to bring 30,000 hectares of land near the Chernobyl nuclear power plant back into cultivation two years after the world's worst commercial nuclear accident.

Grapefruit banned

Italian health authorities banned sales of grapefruit and ordered the seizure of all supplies after tests showed samples of the fruit had been injected with poison in what was apparently a campaign against Israeli exports. Page 2

Saudi-Iran row

Saudi Arabia and Iran were locked in a worsening row over the number of Iranian pilgrims to be allowed to visit Mecca this July on the hajj (Islamic pilgrimage). Page 3

Polish steel strike

About 4,000 steelworkers went on strike at the Lenin mill in southern Poland and workers at a second mill gave warning of strike action. Poles warned, Page 2

Basque funds seized

Police seized a $7m war chest of Spanish Basque separatist group ETA after a shootout in Bayonne, southern France.

Beirut bomb

Six people were injured when a bomb exploded in Syrian-controlled Moslem west Beirut.

India-Pakistan fence

India started building a barbed wire fence along parts of the border between Pakistan and its troubled northern state of Punjab in an attempt to stop the flow of guns and ammunition to Sikh extremists. Page 3

Mozambique arms aid

Mozambique's Western donors, setting aside aid policies in the face of a protracted guerrilla war, said they would step up military assistance to the Mozambican army and use more aid money to protect their projects from rebel attacks. Page 3

South Korea poll

South Korea's ruling Democratic Justice Party took an early lead in national assembly elections amid reports that a senior television executive had been sacked over alleged fraud. Page 3

Israel border clash

Two Israeli soldiers and three Arab guerrillas were killed after an armed band crossed Israel's border with Lebanon.

Sudan children 'seized'

Tribal militia abducted several hundred children from trains carrying destitute refugees to Sudan, a Sudanese newspaper reported.

Gabon cannibal

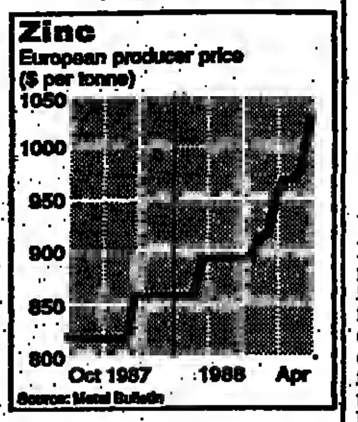
A Gabonese witchdoctor confessed to having eaten six people, including two of his own children.

Business Summary

Democrats succeed in delaying US trade bill

US DEMOCRATIC leaders succeeded on postponing a vote on the 1988 Trade Bill while they scrambled for enough Republican support to override a threatened Presidential veto. Earlier story, Page 4

ZINC price rose to $1,091 a tonne in early trading on the London Metal Exchange, the highest level for 13½ years. European producer price of the metal settled this week at $1,050 a tonne, having risen by $210, or more than 25 per cent, in the past five months. Page 38



LONDON: The market was set alight by Nestlé of Switzerland's takeover offer for Rowntree Mackintosh, with the FT-SE 100 index breaching the 1,800 level, rising 28.2 to 1,800.8. Page 46

WALL STREET: The Dow Jones industrial average closed up 8.79 at 2,044.76. Page 50

TOKYO: A wait-and-see mood strengthened its hold in late trading, as the Nikkei average rose moderately to hit another all-time high of 27,339.14. The Nikkei closed 33.32 higher at 27,246.77, scaling a new peak for the second day running. Page 50

DOLLAR closed in New York at DM1.67675, Y125.10, SFr1.3875, FFr5.6950. It closed in London at DM1.6750 (DM1.6775); Y124.75 (Y124.80); SFr1.3865 (SFr1.3885); FFr5.69 (FFr5.6950). Page 39

STERLING closed in New York at $1.8755. It closed in London at $1.8750 ($1.8750); DM3.14 (DM3.1450); Y234.0 (Y234.0); SFr2.60 (SFr2.6025); FFr10.6675 (FFr10.6775). Page 39

KOPPERS, US building materials group, has accused investment group BNS of violating federal court orders barring it from attempting to further a $1.7bn hostile takeover bid for the company.

TEXACO, US oil company which emerged last month from a year under the protection of US bankruptcy courts, has doubled its first-quarter net profits to $242m or $1 a share, against $118m or 49 cents a share. Page 29

CONFEDERATION of British Industry delivered an upbeat assessment of the performance of Britain's manufacturing industry, but warned that sterling's appreciation would threaten export prospects. Page 11

UK LIFE ASSURANCE industry will be forced to abandon its decades-old cartel which fixed the commissions payable to insurance brokers and independent outlets, said the Life Assurance and Unit Trust Regulatory Organisation. Page 29

BETHLEHEM STEEL, third largest US steel producer, boosted first-quarter net earnings to $85.4m or $1.23 a share from $25.6m or 38 cents. Page 29

NEW CAR registrations in Western Europe jumped by 9.1 per cent in the first quarter of this year, compared with the same period in 1987. Page 4

JAGUAR, UK luxury car maker, today launches its first new convertible model in 14 years, to be priced in the UK at £36,000 ($67,500). Page 11

QUAKER OATS, US grocery products and toys group, reported third-quarter net income of $75m or 94 cents a share, up from $51.5m or 65 cents. Page 29

Cartier heads for $1bn sales after acquisitions coup

BY PAUL BETTS IN PARIS

CARTIER, for more than a century the world's most celebrated jeweller, pulled off a major coup yesterday by acquiring control of Piaget and Beaume et Mercier, two of the most exclusive Swiss watch makers.

The deal will turn Cartier into the world's leading manufacturer of prestige timepieces, as well as boosting its annual sales to more than $1bn.

Mr Alain Perrin, chairman of Cartier International and the principal architect of its recent and successful diversification and expansion in the luxury industry, said negotiations with the Piaget family, which controls both Piaget and Beaume et Mercier, had been going on for 18 months.

He acknowledged, while waiting to appear at a press conference to be relayed by satellite to six European capitals from Cartier's offices overlooking the Place Vendome, that it had been "an expensive deal" but declined to disclose the cash price of the transaction.

The alliance between Cartier and the two legendary Swiss watch brands is the latest merger in the luxury goods industry which, after the alliance between Moet-Hennessy and Louis Vuitton, has increasingly been the scene of takeovers and other business combinations.

Mr Perrin said Cartier was interested in Baume et Mercier because it considered the brand as the only real rival to Rolex.

"My intention is to throw Baume et Mercier into battle with Rolex." He added that between the various brands the Cartier group will manufacture about 450,000 watches a year. Cartier expected to complete two other acquisitions before the and of this year, he said.

Cartier, 46 per cent owned by Rothmans International and whose shareholders also include Drexel Burnham Lambert and the Belgian Sofina financial group, will control 75 per cent of a new holding company called PBM Holding, which in turn will control 60 per cent of Piaget and of Baume et Mercier.

The Piaget family will own the other 40 per cent of the two Swiss watchmaking companies both of which, like Cartier, date back to the last century. The outstanding 25 per cent of PBM Holding will be controlled by a financial company called Luxco, whose shareholders include Rothmans International, Sofina and a number of banks.

Rowntree shares soar as board rejects £2bn bid from Nestlé

BY NIKKI TAIT IN LONDON AND WILLIAM DULLFORCE IN GENEVA

NESTLE, the Swiss foods conglomerate, yesterday launched a £2.1bn ($3.94bn) hostile cash bid for Rowntree, the York-based confectionery group which has over a fifth of Britain's £3bn confectionary market, opening up the possibility of a three-way European takeover battle.

The move follows a dawn raid on Rowntree two weeks ago by a second Swiss company, Jacobs-Suchard, which lifted its holding to 14.9 per cent from about 2.7 per cent. Suchard said yesterday it did not give up easily and was keeping its options open.

Before the Suchard raid, Rowntree shares were trading at 477p. Yesterday they rose well beyond Nestlés bid of 890p a share – up another 176p to 928p – as the market tried to assess Suchard's response and the possibility of anyone else entering the contest.

Nestlé, which takes in Nescafé coffee, Findus frozen foods and Carnation milk, claims to be the largest food company worldwide with sales of SFr35.2bn ($25.4bn). But although its chocolate and sweets interests give it around 14 per cent of the European confectionery market, its share in the UK market is only about 2 per cent.

Helmut Maucher, Nestlés managing director

Rowntree, by contrast, whose products include KitKat, Polo Mints and Smarties, has about a quarter of the chocolate sweets market, where it ranks second to Cadbury-Schweppes in addition to its confectionery market share.

Nestlé's offer was speedily and firmly rejected by Rowntree. "The board has already stated, and continues to believe, that the business can best be developed in the interests of shareholders and employees as an independent group," it said.

Rowntree was put on bid alert when Suchard launched its dawn raid and lifted its holding from about 2.7 per cent. At the time, Suchard said it would not launch an offer for at least one year, although it reserved the right to do so if a full bid came from elsewhere.

Yesterday, Mr Klaus Jacobs, Suchard chairman, said that its 14.9 per cent interest had been bought as "a strategic investment". However, it would study its options and decide what to do.

Suchard's annual meeting also

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Rowntree's suitors, Page 26; Lex, Page 28; Old loyalties, Page 29

Growth of 2.3% in US economy cheers markets

BY ANTHONY HARRIS IN WASHINGTON

THE US ECONOMY grew at an annual rate of 2.3 per cent in the first quarter of 1988, led by a strong recovery in business investment and in vehicle sales, according to the preliminary estimate from the Department of Commerce.

The figures, which were well received in the financial markets, also show a strong rise in consumer saving, and continued moderate inflation. Bond and stock prices had been rising for a week in anticipation of good figures.

Mr Beryl Sprinkel, chairman of President Reagan's council of economic advisers, said the figures were evidence that financial market fears of either recession or inflation this election year were unjustified. "The GNP data released this morning confirm our view that neither outlook is in the cards," he said.

While the GNP growth rate is sharply lower than the revised 4.8 per cent estimate for the final quarter of 1987, it is strong enough to allay any lingering fears of recession. On past experience, the figure is likely to be revised upwards. A strong upward revision would re-ignite recent fears of overheating in the domestic economy, but in most other respects the figures are strongly encouraging.

Non-farm stockbuilding, which had risen sharply in the fourth quarter, arousing fears of an inventory correction, fell to normal levels. Business equipment purchases, which paused in the fourth quarter, rose by $22.7bn – an annual rate of 32.5 per cent – with two-thirds of the growth concentrated in the computer field. It appears that the industry has largely overcome the shortage of components which had earlier led to slower deliveries.

Consumer spending grew $23.6bn, in line with rising incomes, at an annualised rate of 3.8 per cent, double the average rate for 1987. However, demand outside the car market was subdued, with the fourth successive quarterly fall in non-durable purchases.

The savings rate, at 4.6 per cent, was little changed from the 4.8 per cent rate recorded in the immediate wake of the October stock market crash. Over the past half year the rate has been a full percentage point higher than in 1987, and a half point higher than in 1986. This increase, if it is sustained, is expected to support a further strong improvement in the merchandise trade balance.

Both imports and exports grew at a more moderate pace in the first quarter, showing real annual growth rates of 5.2 and 10.2 per cent, respectively. Net exports rose $3.6bn in the quarter, contributing one-sixth of total economic growth.

The GNP deflator – the measure of cost increases in the whole economy – rose at an almost unchanged annual rate of 8.7 per cent; the inflation rate fell in the consumer sector, but rose in investment goods, exports and especially in public sector purchases, where prices rose at an annual rate of 5.7 per cent.

Simon Holberton in London adds: Early falls in the value of the dollar in the wake of the US GNP figures were reversed later and both Wall Street and the US bond market had posted modest gains by midsession.

The provisional 2.3 per cent gain in output in the fourth quarter was broadly in line with market expectations.

The Dow Jones Industrial Average closed up 8.79 at 2,044.76.

Concern was, however, voiced over the smaller than hoped for contribution from net exports. It was this factor which led to the initial, if modest, sell-off of the dollar.

The dollar closed at DM1.67675 snd Y125.10.

Gorbachev's reforms fail to increase consumer supplies

By Quentin Peel in Moscow

THE ECONOMIC reforms introduced by Mr Mikhail Gorbachev, the Soviet leader, have boosted industrial production and labour productivity, but critical shortages remain in key areas such as food supplies and consumer goods, as well as machinery manufacture, according to the latest official government statistics.

Figures for the first quarter of 1988 suggest that industrial production grew by 5 per cent, and national income by 4 per cent, compared with the same period in 1987.

Some 400,000 workers were redeployed from industry, construction and transport as a result of perestroika (restructuring) of economic activity, resulting in an increase in labour productivity in industry of 5.4 per cent, according to figures from Goskomstat, the state statistics committee.

The Soviet Council of Ministers has sharply criticised a range of government departments, including those responsible for agriculture, fisheries, timber production, building materials and electrical goods, for their failure to satisfy growing domestic demand.

The relatively bullish statistics produced by the Government contrast sharply with those just published in Washington by the Central Intelligence Agency which suggest that the Soviet economy has failed to respond to the Gorbachev reforms, growing by less than 1 per cent last year.

However, underlying both analyses are similar conclusions: that the economy under Mr Gorbachev has so far failed to produce the consumer goods needed to persuade ordinary citizens that the upheaval caused by perestroika is a good thing.

Presenting the figures in Moscow yesterday, Mr Nikolai Belov, deputy chairman of Goskomstat, said that 76,000 enterprises employing some 51m people were now operating on the full-cost accounting, self-financing principles of perestroika.

"The results of these enterprises are significantly better than the results of those which did not choose to convert," he said. "The new economic incentives are contributing to a better overall economic functioning."

However, the Council of Ministers was quoted in

Continued on Page 28
Gorbachev determined over glasnost, Page 2

Banking nations aim to crack down on fraud

BY DAVID LASCELLES IN LONDON AND JOHN WICKS IN ZURICH

INTERNATIONAL banking supervisors are drawing up a code of conduct for banks aimed at stamping out abuses of the banking system for purposes of crime, fraud and tax evasion.

The proposed code, based on a recent agreement concluded by Swiss banks, is expected to be considered by officials from all the major banking nations at a meeting in Basle tomorrow.

The two principal undertakings imposed on banks by the Swiss code are to ascertain the true identity of their clients, and to prevent the abuse of banking secrecy to conceal criminally-acquired funds.

Supervisors have been concerned for some time about the role played by banks in concealing the identity of criminals and tax evaders, and in acting as a haven for their money, particularly from drugs. This role can either be played wittingly or unwittingly, or by failing to take adequate steps to check out clients and the source of their money.

The code is unlikely to carry any legal sanctions, but it will place considerable moral pressure on banks to improve the monitoring of their business and to act swiftly in cases of suspected crime. It will aim particularly at ending the "no questions asked" practices that prevail among certain types of banks.

The code on which it will be modelled was adopted voluntarily by Swiss banks last year amid mounting international controversy over the abuse of Switzerland's much-vaunted banking secrecy. The code grew out of an earlier "gentleman's agreement" between Swiss banks and the country's central bank.

Banking supervisors were unwilling to comment on their plans yesterday. However, the Swiss Federal Banking Commission, the regulatory authority of Swiss banks, said in its recent annual report that a draft of the proposed code had been prepared.

Tomorrow's meeting in Basle will also consider the establishment of common capital requirements for all banks in the major banking countries. Officials are expected to draft an accord which will be approved by central bank governors in June.

The proposed code of conduct is a further instance of the growing co-operation of banking supervisors at an international level, as well as of the growing fight against international financial crime.

US, Saudi arms deal delayed

BY LIONEL BARBER IN WASHINGTON

UPROAR in the US Congress over Saudi Arabia's secret purchase of intermediate-range missiles from China has forced the Reagan Administration to delay a proposed $450m arms sale to the Saudis.

The Saudis attempted yesterday to dampen Congressional concern over the missiles, which can carry nuclear warheads capable of targeting any part of the Middle East, by announcing that they would sign the Nuclear Non-Proliferation Treaty.

However, the delay further complicates an already strained relationship between Washington and Riyadh over arms supplies.

The US Administration would like to proceed swiftly with the package because it includes equipment for the Awacs air surveillance aircraft in the Gulf, vital for the effective operation of the US Navy patrolling the strategic waterway.

However, 58 US Senators and 187 House members sent a letter to Mr George Shultz, Secretary of State, protesting against the sale, and forcing the Administration to delay formal notification to Congress. The notification procedure allows 20 days for consultations followed by a 30-day period when lawmakers can pass legislation blocking the sale.

Officials want the US to show it can deliver on its pledges to supply arms to the Saudis, despite the Congressional opposition which is largely, but not exclusively, orchestrated by Israel and other anti-Arab forces.

Last year, the Administration was forced to scrap plans for a $1.4bn arms sale that would have included 1,600 Maverick anti-tank missiles. Instead, an alternative $1bn package excluding the Mavericks but including 12 additional F-15 jet fighters was agreed.

That delay, and other reverses, apparently encouraged the Saudis to look elsewhere for arms. The Saudi Ambassador to Washington, Prince Bandar bin Sultan, is said to have personally negotiated the East-Wind missile sale in Peking.

When the US Ambassador to Saudi Arabia, Mr Hume Horan, delivered a diplomatic protest earlier this year, the Saudis forced his recall. Mr Horan, one of the foreign service's top Arabists, is to be replaced by the former ambassador, Mr Walter Cutler.

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PRESSURES FOR CHANGE INTENSIFY ON HUNGARY'S COMMUNISTS

Party leader Janos Kadar seems unlikely to concede the long-sought reforms, Page 2

NUCLEAR PLANNING GROUP MEETS FOR FIRST TIME SINCE SIGNING OF INF TREATY

Nato considers how to fill the missiles gap

BY DAVID WHITE, DEFENCE CORRESPONDENT

PROPOSALS for modernising Nato's European-based nuclear arms and for filling the gaps which will be left by the withdrawal of medium-range ground-launched missiles are to be examined by defence ministers meeting in Brussels today and tomorrow.

It is the first time Nato's Nuclear Planning Group has met since the US and the Soviet Union signed their INF treaty in December.

The meeting has to cope with continuing strong reservations on the part of West Germany, where the remaining ground-based systems – battlefield missiles and artillery – are mostly concentrated. Bonn's objections to rushing ahead with modernisation before seeking cuts in short-range weapons and reducing the country's share of the nuclear risk were papered over at last month's Nato summit. At that time the allies (including France, which does not take part in Nato's nuclear planning) endorsed a policy of keeping the arsenal up to date "where necessary".

Coinciding with this week's talks, the Campaign for Nuclear Disarmament has announced the results of an opinion poll in the UK showing 65 per cent opposed to updating nuclear arms in Europe before starting negotiations on further cuts. Opponents included a majority of Conservative voters, the CND said. The poll, taken on a sample of just over 1,000, showed 51 per cent against basing new sea-launched or air-launched missiles in Britain to replace the current cruise missiles.

Senior officials who report to the NPG ahead of its six-monthly ministerial meetings have put forward four main options which could be combined under the planned readjustment, in order to maintain Nato's "flexible response" in the light of the INF treaty:

- Extra bases for "dual-capable" aircraft, able to deliver either conventional or nuclear weapons, such as the US F-111s currently based in Britain. This could involve the new F-15E Strike Eagle. Although the allies have still to address the delicate question of where to base these aircraft, the other countries which accepted cruise and Pershing missiles – Italy, West Germany, Belgium and the Netherlands – would be considered potential front-runners.
- More submarine-launched cruise missiles (not covered by INF).
- A follow-on for the Lance missile. This would have a much longer range than the current 120km, taking advantage of the 500km lower limit for the missiles being scrapped under the INF treaty.
- A new air-to-surface missile.

Another proposal, to deploy US B52 bombers with cruise missiles, has been rejected.

No firm decisions are expected from this week's talks, however. British officials said discussions had not yet reached the stage of specific deployment of specific systems.

Under the INF timetable, cruise and Pershing missiles are to be eliminated over a three-year period.

A fresh concern for the ministers stems from the latest political crisis in Denmark, where the meeting was originally planned. Serious worries have been expressed in Nato about the implications of the recent parliamentary vote to tighten the country's nuclear arms ban and impose more formal restrictions on visiting warships.

Presidential camps trade shots over New Caledonia violence

BY GEORGE GRAHAM IN PARIS

THE RIVAL camps in France's presidential election yesterday stepped up their attacks on each other's positions over the problem of New Caledonia, as violence continued in the French Pacific Ocean territory.

Mr Bernard Pons, Minister for the Overseas Territories in the government of Mr Jacques Chirac, the right-wing candidate in the election, roundly accused President François Mitterrand of supporting "a certain number of people who practise terrorism in New Caledonia" and of "throwing oil on the flames".

Mr Pons also said he was considering outlawing the Front de Liberation National Kanak Socialiste (FLNKS), the Melanesian independence movement which had called for the boycott of last Sunday's presidential vote and the simultaneous local elections.

Mr Pierre Beregovoy, campaign director for Mr Mitterrand, counter-attacked with an assault on the Government's policy in New Caledonia over the past two years, which he said had inevitably brought the return of violence and disorder in the islands by setting one community against another.

After the outbreak of violence last Friday, when four gendarmes were killed and another 27 taken hostage by armed pro-independence Melanesians, the major political candidates initially refrained from overt electoral exploitation of the New Caledonia issue.

Analysts believe the events must have contributed to the strong support for the extreme right-wing candidate, Mr Jean-Marie Le Pen, in the first round of voting on Sunday, probably to the detriment of Mr Chirac. In the second round, however, it is unclear whether the turbulence in New Caledonia will greatly alter voting support either for Mr Mitterrand, whose policies tended to an increasing degree of self-determination for the indigenous Melanesian population, or for Mr Chirac, who has favoured the anti-independence settlers.

Mr Mitterrand threw the issue firmly into the political arena by asking the Constitutional Council to cancel the vote in New Caledonia on grounds that violence had prevented 31 of 139 polling stations from opening, and because his representatives had been prevented from monitoring the count.

Berlin official to replace Wörner in Bonn

BY HAIG SIMONIAN IN FRANKFURT

MR RUPERT SCHOLZ, a 50-year-old conservative lawyer and former academic from West Berlin, is to succeed Mr Manfred Wörner as West Germany's Defence Minister. Mr Wörner leaves the Government on May 18 to become Nato secretary-general.

Mr Scholz, the Christian Democrat Senator for Justice and Federal Affairs in West Berlin's city government, has only been a CDU member for five years and has no experience of military affairs or high political office. As a West Berliner, he also escaped the military service faced by most West Germans.

However, he has considerable experience dealing with relations between Berlin and the rest of West Germany, which in turn requires sensitive treatment of relations with the Four Allied Powers responsible for the city. He said yesterday that nowhere else in Europe, and especially in Germany, did one so clearly feel what security, detente and the preservation of peace meant.

According to Chancellor Helmut Kohl, Mr Scholz "has a marked understanding for all the difficult questions combined in the preservation of peace in freedom for us Germans."

The new minister also appears politically acceptable to Mr Kohl's coalition partners, notably the Bavarian Christian Democratic Union, which has supported him warmly. The appointment, which was widely expected, was first confirmed in Munich ahead of an official announcement from Bonn yesterday, marking a further swipe at the Chancellor from Mr Franz-Josef Strauss, the Bavarian prime minister.

However, Mr Scholz is taking up his post at a difficult time. Defence spending has been squeezed, while some have suggested that defence is being given less political priority at a time of superpower disarmament.

Meanwhile, some senior military officers are already beginning to complain more publicly about cuts in defence spending and manpower which they see as constraining the country's ability to defend itself.

Bonn bid to revive talks with Turks

By David Buchan in Luxembourg

WEST GERMANY is to push hard for a rescheduling of this week's abortive EC-Turkish consultations before it cedes the rotating presidency of the European Community to Greece on July 1.

Turkish ministers took umbrage at a reference to Cyprus inserted, at Greek insistence, into a joint EC statement, and refused to take part in a planned session of the EC-Turkish Association Council on Monday evening.

Among the issues at stake are EC financial aid to Turkey, and promised – but unimplemented – Turkish tariff cuts on imported Community goods.

In a clear damage limitation exercise, Mr Hans Dietrich Genscher, the West German Foreign Minister, said yesterday he attached "great importance to furthering relations with Turkey".

He had agreed with Mr Ali Bozer, the Turkish Minister for EC Affairs, that the association council meeting should be held "as soon as possible and definitely within the German presidency". West Germany has always been a key supporter of Turkey both within the EC and Nato.

It was the first time during its four months of the EC presidency so far that West Germany's diplomacy has been seriously criticised, though relations across the Aegean are a recognised minefield.

Mr Genscher warned yesterday that the textual triumph of Greece, in making a link between the vexed political issue of divided Cyprus and Turkey's economic relations with the Community, might be short-lived.

"A new statement will have to be drawn up to cover the new agenda of a new meeting", Mr Genscher noted. However, the Greeks are likely to resist any attempt to wipe out the reference to Cyprus in the joint EC statement which was to have been presented at this week's association council meeting. This stated that "Cyprus affects relations between the Community and Turkey."

- A call for the European Community to impose wider mandatory sanctions on South Africa was yesterday put to EC foreign ministers by their counterparts from the African, Caribbean and Pacific (ACP) countries, writes David Buchan in Luxembourg. Mr Almoustapha Soumaila, the Niger Planning Minister, said: "The European Community has the means to force South Africa to make the changes.

Dutch must lift curbs on TV ads

By William Dawkins in Luxembourg

THE DUTCH Government has been ordered by the European Court of Justice to lift its tough restrictions on Dutch language cable television advertising carried by foreign channels available in its country.

Yesterday's decision was welcomed by the European Commission as giving fresh legal weight to its draft proposal to boost cross-border competition in the broadcasting industry, currently being held up by West Germany, France and Britain, as well as the Netherlands.

It could also call into question other barriers to cross-border television broadcasts elsewhere in the EC, such as those put up against independent British channels by several Belgian cable network operators.

"This is certainly helpful. It gives backing to our concept of television without frontiers," said a Commission spokesman. Brussels is carrying out its own inquiry into restrictions on foreign television advertisements in the Netherlands and is expected to issue a formal warning shortly unless the Government makes changes.

Mr Rupert Murdoch's Sky Channel, Super Channel, the British satellite television channel for Europe, and TV5 of France – the main foreign channels available on Dutch cable television – are the most immediate beneficiaries.

The case is the result of a complaint against the Dutch Government by the country's advertising association, backed by 14 advertising agencies and a cable television operator. They objected to a national ban on advertising carried by foreign television channels, bearing Dutch subtitles or aimed specifically at a local audience.

Literature joins pasta war against Teutonic wheat

BY TIM DICKSON IN BRUSSELS

THE DIARY of the French writer André Gide was quoted in the European Court of Justice in Luxembourg yesterday as part of a ringing defence of the high quality of Italian pasta.

The extract dated 22 June, 1942, which notes admiringly that the sticky substance "slides down both sides of the fork," was read out by Mr Frederico Mancini, the Advocate General, who was giving his opinion on a complaint brought against the Italian law requiring the exclusive use of durum wheat in the manufacture of dried pasta.

The case involves a West German export company Drei Glocken and Mr Giorgio Zoni, its Italian importer, who were respectively the subject of fines and criminal proceedings in Italy for attempting to import pasta made from common wheat (and thus, the Italians claim, detrimental to the interests of the consumer).

The issues evoke echoes of the famous legal battle by West Germany to protect the purity of its domestic beer market by excluding the use of additives and hence foreign brews.

But while the final judgement in that case just over a year ago proclaimed that there was more froth than substance to the Bonn arguments, Mr Mancini in his opinion (which is not the final word) came down strongly on the side of the Italians.

He pointed out that Italian legislation had for 20 years "played an important part in the Community's agricultural policy and a major role in relation to external trade." The EC had effectively accepted durum wheat as the pasta norm.

He explained that the objectives of the national law were to preserve the quality of the pasta – hence the reference to Gide – and that farmers in parts of Italy cannot grow any other crop.

Durum wheat, moreover, has few other uses and, if common wheat was allowed into the recipe, Mr Mancini estimated that the EC budget costs of buying and selling the surplus on world markets could be anywhere between Ecu39m ($48m) and Ecu195m.

The Advocate General also referred to last year's "pasta war" with the United States when Washington had imposed additional duties on EC pasta and Brussels had retaliated with an extra penalty on US citrus fruit.

He suggested that the settlement of that dispute could be jeopardised by any change in the strict application of durum wheat.

Italy inflation may pass 5 per cent

BY JOHN WYLES IN ROME

CONSUMER price inflation in Italy looks likely to have climbed above the 5 per cent annual rate in April for the first time since last November, according to the monthly price survey conducted by Istat, the state statistical agency.

On the basis of samples taken in six big cities, prices were between 5 per cent and 5.1 per cent above levels of April 1987, with Palermo showing the highest annual rate of increase at 5.4 per cent and Genoa the lowest at 4.7 per cent. The average national increase in February and March was 4.9 per cent.

If the current inflation rate is sustained, then there is no chance that the coalition headed by Mr Ciriaco De Mita will be able to honour the promise of its predecessor, which was led by Mr Giovanni Goria, to adjust direct tax rates so as to reduce fiscal drag by L1,500bn ($1.2bn).

Turkish dam crisis averted

By Jim Bodgener in Ankara

DISASTER HAS been averted at the site of Turkey's largest dam construction site, the Ataturk project on the Euphrates river in the country's south-east plains. Despite a six-month backlog of delayed payments, the Turkish contractor building the earth and rock structure has managed to stay ahead of spring flood waters.

The situation became critical on April 17, when the amount of water entering the dam lake was double the capacity of the diversion tunnels through the dam itself. The contractor, ATA Insaat, has been forced to accelerate its three-shift operations. The danger has now eased, say officials of the client State Hydraulics Agency.

"If the situation had continued, there would have been a serious danger of overtopping, with incalculable consequences. The dam and the amount of water its associated irrigation network will draw off are already sore points in Turkey's relations with Syria and Iraq downstream.

The dam is the centre-piece of the ambitious South East Anatolia development project, which aims to turn the region into a breadbasket for Turkey and its neighbours in the 1990s, not to mention doubling agricultural production.

Water from the dam will flow through twin 26km tunnels to irrigate around 1bn hectares on the Harraan plains south of Urfa. An associated power house will have a generating capacity of around 2,400MW.

The dam – due for completion in 1992 – will eat up around one third of the DSI's TL1.6 trillion (£686m) budget this year.

Pressures mount on Hungarian party

BY JUDY DEMPSEY, RECENTLY IN BUDAPEST

THE RECENT expulsion of four senior intellectuals and reformers from the Hungarian Communist Party has heightened political tension as the party prepares for next month's national conference, the first since 1957.

Both inside and outside the party, pressure is mounting for greater freedom and diversity in political life, the education system, the trade unions and the economy. But few expect Mr Janos Kadar, the party leader, to respond.

After Mr Mihaly Bihari, a senior lecturer in politics at the Lorand Eotvos university in Budapest, was expelled for "violating party rules," he received hundreds of calls of support from party members in Budapest and the provinces.

Several of his colleagues at the university and in other professions resigned from the party in a gesture of support. One university colleague who resigned, Mr Bela Pokol, has warned of "social tensions" leading to an "explosion" if political reform is delayed much longer.

In the forthcoming issue of the liberal monthly Mozgo Vilag, Mr Pokol calls for alternative political groupings to be institutionalised through the setting up of a second chamber in the parliament. This, he says, should be linked to a reduction in the political powers of the state.

These views are broadly in tune with those of Mr Imre Pozsgay, a prominent reformer within the party and chairman of the Communist-backed Patriotic People's Front (PPF).

Mr Pokol also calls for an end to state interference in the media. Hungarian citizens should be told how the party selects films, how journalists are recruited, how broadcasting is regulated and how books are censored, he says.

Mr Pozsgay, in a recent issue of Magyar Nemzet, the PPF newspaper, summed up the feeling in Hungarian society. "The nature of the citizen has changed. The earlier common consent (which) was based on the resignation of citizens rather than on their active participation" was over. Hungarians, he said, needed new institutions in which they coould exercise their rights as citizens.

Students and even the once-docile trade unions were now suggesting new independent organisations.

Mr Istvan Kukorali, a secretary of the PPF's constitutional law committee, said recently that workers should have the right to join a trade union voluntarily as well as form free trade unions. Within the universities, students are now calling for independent students' unions. Kisz, the Communist-run youth movement is widely regarded by students as a timid, if not ineffectual

There have also been calls for a reform of the university curriculum. Mr Kalman Szakacs, head of the scientific socialism department at the Lorand Eotvos university, recently suggested making certain Marxist subjects optional.

Gorbachev is 'determined' over Glasnost

BY JUDY DEMPSEY

MR MIKHAIL GORBACHEV is determined to create a more open society despite opposition from many quarters, Mr Fyodor Burlatsky, chairman of the newly-created Soviet human rights commission, said here yesterday. The commission was set up late last year with the aim of "promoting the implementation of the democratic process."

Mr Burlatsky said Mr Gorbachev intended to overhaul the legal system and the courts, to "renovate" legislation on religion and the churches, and to update the law on non-party groups.

The commission, which Mr Burlatsky said "should have been set up 10 years ago," would try to ensure implementation of these changes and act as a bridge between unofficial or independent groups and the authorities.

It had already received 1,700 letters from the public, mostly related to questions of human rights and many of them seeking information about nationality rights.

"The national minorities in the past have been the most vulnerable part [of the system]," Mr Burlatsky said, adding that for years, the Soviet authorities had "stuck to a primitive principle: what the majority wanted, the minority would have to accept."

Significantly, in the light of recent ethnic unrest in Armenia, he said that the authorities "should not have abandoned national autonomy for the minorities."

Italy bans grapefruit sales after poisoned fruit found

BY JOHN WYLES IN ROME

THE ITALIAN health authorities yesterday ordered the withdrawal and seizure of all grapefruit from shops and markets around the country, following the discovery that some fruits appear to have been deliberately injected with poison.

The Health Ministry last night appealed to Italians not to eat any grapefruit in their possession or crush them for drinking. No cases of poisoning have yet been reported nor has the origin of the affected grapefruit been identified.

First suspicions appear to have been cast in the direction of Israel because of the possibilities of political sabotage. The Israeli embassy in Rome said last night that it was collaborating closely with the Italian authorities to establish whether the problem was "an isolated case, an act of madness or of terrorism."

Mr Violenzio Ziantoni, health councillor for the Lazio region, revealed that an anonymous telephone call had been received in Rome on April 19 warning that some fruit had been poisoned. He said that samples had been taken from a Roman street market and immediately tested on guinea pigs. Three of the animals had subsequently died and 18 poisoned grapefuit identified.

It had not yet been possible to establish what kind of poison has been used but it was dark blue and, certainly very strong, added Mr Ziantoni.

Poles warned against illegal pay pressures

By Christopher Bobinski in Warsaw

THE POLISH Government spokesman yesterday urged workers to use legal channels to pursue their wage demands and warned that increases could lead to price rises.

Mr Jerzy Urban, the government spokesman, made the plea in the aftermath of a 12-hour wildcat strike on Monday by bus and tram drivers in Bydgoszcz which ended after the local authorities conceded a 60 per cent wage increase.

He admitted that "tensions relating to pay" would continue but that wages and prices growth this year were not yet cause for alarm.

Talks have started with the official public transport union which is demanding a new national wage system, and whose members led the Bydgoszcz strike once it had started.

Meanwhile Mr Lech Walesa, the Solidarity leader, suggested that the Government had ordered the official union to take over the Bydgoszcz strike.

He warned that the situation in Poland "was getting hot" and that such strikes could recur at any time.

- Steel workers demanding pay increases and a reinstatement of the Solidarity leaders sacked with the onset of martial law in 1981 went on strike yesterday in the southern Polish city of Krakow.

According to Solidarity sources, the strike spread from the rolling mill in the giant Nowahuta works to other departments and by the early evening a quarter of the plant which employs some 30,000 was involved in the stoppage.

David Goodhart on the legislation and lengthy talks behind unemployment in West German industry

Krupp steels itself against the social costs of closures

IT IS NOT easy to feel sympathy for Krupp, one of the faltering giants of West German heavy industry. But the company's seemingly interminable struggle to close the heavily loss-making Rheinhausen steel works in the heart of the Ruhr illustrates just what a complex and costly business closing a large plant in Germany is – especially if it produces steel or coal.

There are two large hurdles to clear, both of which were raised sharply by Social Democrat legislation in the early and mid-1970s. First, a company has to persuade its supervisory board – on which the workforce may have up to half the votes – that the closure is justified, and this usually means that the company faces bankruptcy without closure. Second, a "social plan" to minimise employees' discomfort has to be negotiated with the plant's works council.

The advantage of such close collaboration with the workforce is that confrontation – such as that at Rheinhausen – is very rare in Germany. However the process may take years and cost hundreds of millions of deutschemarks and complaints from industrialists that it is slowing restructuring get louder every year.

The loudest complaints come from steel companies whose workforces enjoy peculiar privileges. The chairman of one of Krupp's main competitors said recently: "Social plan costs are starting to make business unviable, multinationals will just pull out unless we do something about it."

In 1976 an amendment to the Co-determination Law ruled that in any plant of more than 2,000 employees the representation of shareholders and workers on the supervisory board should be equal. However in most industrial sectors this nominal equality is undermined by the fact that the chairman, a representative of the shareholders, has a casting vote in the event of deadlock.

In steel and coal it is different. Whether because of the importance of the two industries just after the last war or because the Allies wanted to punish their leaders for such enthusiastic collaboration with the Nazis, the 1948 Co-determination Law stated that supervisory board votes should be exactly split and that the two sides should then agree on an 11th or 21st neutral board member.

Even in steel and coal it is not as equal as it seems because at least one of the worker representatives will be from middle or senior management and will usually vote with the shareholder representatives. But when it comes to something as fundamental as closure, the final decision will almost always rest with the neutral member.

The unions were disappointed that the 1976 reform did not spread the steel and coal system throughout German industry. However they do get excellent access to information and a veto over the appointment of the personnel director. Also, although some industrialists are dismissive of workforce representatives on the board – they are certainly of uneven quality and experience – some attempt is usually made to win their consent.

Once a closure decision has passed the supervisory board, negotiations begin on the social plan. Since 1972 any workplace with more than 20 employees has had the right to set up a works council which could negotiate such a redundancy and early retirement plan. (Although the works councils are not part of the union structure they are almost always controlled by the union which puts up its "list" at election time, usually alongside alternative lists from left and right. At the Ford plant in Cologne there were 17 lists at the last works council election).

Agreement is usually reached on a social plan at the first stage, but if negotiations break down the dispute is sent to an arbitration committee with three employers, three workers and one agreed by both – usually a member of the local Labour Court. The decision of that committee cannot be disputed.

The cost of social plans varies enormously from industry to industry. According to the Institut der Deutschen Wirtschaft the average payment to a redundant textile worker between 1980-85 was DM4,100 (£1,300), to a metal worker DM11,600 and a chemical worker DM21,400. Ninety-four per cent of workers received less than DM40,000.

However, according to Mr Ruprecht Vondran, of the Wirtschaftsvereinigung Eisen und Stahlindustrie, the cost per man of a social plan in the steel industry is now DM75,000. Although the costs of steel social plans are divided three ways between the companies, local and central government and Brussels Mr Vondran still maintains that the steel companies alone have paid out a staggering DM7bn since 1980. The cost to Krupp of closing Rheinhausen is estimated at DM1.4bn, although half of that will be paid by Mannesmann which is also taking on 2,150 of the 5,300 workers.

According to Mr Ernst Pieper, who runs the state owned Salzgitter industrial conglomerate, one reason for the astronomical costs of steel closures is that the supervisory boards often end up saying that you can close a plant but only with agreement on a social plan, "which enormously strengthens the union's hand".

Mr Pieper, who is ironically one of the Social Democrats' leading industrialists, says he has made 17,000 staff redundant over the past few years at a social plan cost of DM500m. "But time is a huge cost too. In 1978 I wanted to close a plant and the board said I could not. It took years to negotiate and sometimes I spent half my day talking with the works council."

The number of steel workers leaving the industry via social plans was only 9 per cent in 1975 and is now over 50 per cent. The main union, IG Metall, which has several of its senior personnel on steel company supervisory boards is not blind to the cost problem that has accompanied this rise. Its response is now to insist on alternative jobs rather than big hand-outs when closures are announced. This, however, can take even longer to negotiate as Krupp – which is guaranteeing a job to every Rheinhausen worker – has been discovering.

Unflappable professor at the heart of the decision

PROFESSOR Wilhelm Krelle, an austere looking 71-year-old economics professor at Bonn University, is the man who will – barring last minute surprises – close Krupp's Rheinhausen steel works in the Ruhr.

The unflappable professor, who works in a small, bare, office near the centre of Bonn, is the neutral 21st member of the Krupp supervisory board, 10 of whose members – representing shareholders – have been pressing for closure since the end of last year, while the other 10 – representing the workforce – have been doing all they can to prevent it.

Prof Krelle was chosen by both sides 16 years ago from the list of the neutral "great and good" – usually retired centrist politicians or academics. And he now has the unenviable task of concluding West Germany's most controversial plant closure for years, although he will not of course reveal how he has chosen.

He seems coolly unperturbed by the responsibility. "If I was the kind to give into pressure I wouldn't have the job. I don't depend on either side for my salary so I am free to decide objectively." What criterion does he employ in coming to his decision? "Each member of the board has to look at the interests of the firm as a whole. If the firm as a whole is endangered then you have to take harsh decisions."

Given that closure has been a foregone conclusion for months, such a comment does not speak well of Krupp's underlying financial health. Final decision on closure has again been delayed for a few weeks following a strike at the plant last week. When the decision does come it may be staggered over 18 months as was the case with the Mannesmann plant over the Rhine, where much of the workforce and production are being transferred.

But when Prof Krelle's decision is announced it will be a relief even to the union, IG Metall, which has had difficulty controlling its members, and the Social Democratic state government, which believes the dispute has damaged its industrial image.

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Attacks inflame Saudi-Iran row over pilgrimage

BY FINN BARRE IN RIYADH

A WORSENING row between Saudi Arabia and Iran over the number of Iranian pilgrims to be allowed to visit the holy city of Mecca this July on the hajj (Islamic pilgrimage) has been accompanied by a series of bomb attacks on Saudi interests both within and outside the Kingdom.

Iran, which wishes to send 160,000 pilgrims on the hajj this year, has been rebuffed by the Saudis, who say only 45,000 Iranians will be allowed to enter. Last year, the Iranians sent up to 160,000 pilgrims, some of whom started riots that resulted in 402 deaths and more than 600 injuries.

Last week, an Iranian delegation negotiating the number of pilgrims to be admitted to the Kingdom went home empty-handed.

But in March a series of bombings took place at overseas offices of the national airline Saudia and at petrochemical and oil installations within Saudi Arabia. Diplomats in the Kingdom say there is no proof that the Iranians were involved but that "the timing is suspicious."

The most serious bomb incident took place in the early evening of March 28 at Sadaf, a petrochemical plant in Jubail operated as a joint venture between Royal Dutch/Shell's US subsidiary and the Saudi Basic Industries Corp (Sabic). The blast damaged an ethylene storage tank and caused a large fire. State-owned Sabic claimed the explosion was due to an industrial accident.

Other bombs have been found at oil installations, including the Shell-Petromin joint venture export refinery, also in Jubail. Security in the Eastern province has been stepped up. The Eastern province, where the Kingdom's oilfields are located, is home to the Kingdom's 250,000 Shia Moslem minority. Saudi Shias are suspected by the Sunni majority of harbouring sympathy for their co-religionists in Iran.

In addition to the bombing and attempted bombings in the Eastern province, bombs have been detonated in recent weeks outside Saudia offices in Tokyo, Frankfurt and Karachi.

However, the incidents have not shifted the Saudi authorities from their determination to limit the number of Iranians permitted into the country for the hajj, which begins this year on July 14. They are anxious to avoid a repetition of last year's bloody riots, in which some Iranian pilgrims armed with pointed weapons battled with Saudi troops outside Mecca's Grand Mosque.

The Saudi stance has been backed by the Islamic Conference Organisation at a meeting of foreign ministers in Amman last month.

It approved a measure which would allow member states to send 1,000 pilgrims per 1m inhabitants – roughly in line with past practice for most countries. The Iranian delegation walked out of the meeting, aware that the measure was directed against Tehran.

Israelis kill 3 on border

ISRAELI troops shot dead three guerrillas trying to infiltrate Israel from south Lebanon yesterday, security officials said, Reuter reports from Marjayoun, Lebanon.

They said fighting broke out after an Israeli patrol spotted the guerrillas at 3.30 am in the Lebanese village of Kfar Shouba, one mile north of the border. Three Israeli soldiers were wounded in the clash, they added.

The identity of the guerrillas was not immediately known. Several anti-Israeli Moslem fundamentalist and leftist groups operate in the area. Israeli helicopter gunships raked the area with machine gun fire after the clash and dropped flare bombs in a follow-up search.

Kfar Shouba lies in Israel's self-declared "security zone" – a buffer strip up to nine miles deep set up by Israel in 1985 to protect its northern settlements from guerrilla attack.

Mozambique's donors to step up military aid

Relly: surprise visit

BY VICTOR MALLET IN MAPUTO

MOZAMBIQUE'S Western donors, setting aside traditional aid policies in the face of a protracted guerrilla war, said yesterday they would step up military assistance to the Mozambican army and use more aid money to protect their projects from rebel attacks.

Britain is providing some £2m in non-lethal aid, such as vehicles, communications systems and uniforms to troops from various countries operating in and around Mozambique, according to delegates at a conference on emergency needs over the next two years.

About £750,000 will go to Mozambicans and Zimbabweans guarding the Limpopo railway from Zimbabwe to Maputo port.

Britain already trains Mozambican soldiers and has taken the lead in Western military assistance to Mozambique, an officially Marxist-Leninist state supported by East Bloc advisers and weapons shipments. Spain, Portugal and Italy have followed suit and are helping with training or supply of Mozambican security forces.

More surprising is the growing commitment to security shown by countries such as Sweden and Canada. Yesterday Mr Sten Rylander of the Swedish Foreign Ministry announced in Maputo that Sweden would break from its previous policy and provide money to pay for the security of its projects.

Mozambican troops desperately need training, clothes and food in the fight against the rebels of the Mozambique National Resistance, a shadowy organisation set up by Rhodesia and later supported by South Africa.

Donors are increasingly coming to the conclusion that there is no point paying for food convoys if they are only to be ambushed or blown up by landmines in the widespread violence. Airlifting of food is extraordinarily expensive, with freight costs five or six times the value of the food carried.

● Mr Gavin Relly, chairman of Anglo American, the South African multinational with interests in mining, industry and agriculture, paid a surprise visit to Mozambique this week and held talks with President Joaquim Chissano on Monday.

The official Mozambican newspaper Noticias yesterday described it as the first such visit by a senior Anglo American official and quoted Mr Relly as mentioning the possibility of developing natural gas fields and forestry.

S Korean ruling party leads poll

By Maggie Ford in Seoul

SOUTH KOREA'S ruling Democratic Justice Party took an early lead in the country's National Assembly election yesterday amid reports that a senior television executive had been sacked over alleged fraud.

Turnout was uncharacteristically low – 58 per cent in places – suggesting that voters were less interested in the election than they had been last December, when the presidential election won by Mr Roh Tae Woo saw voting levels of more than 85 per cent.

Suspicion that the televised results may have been tampered with grew after an apparent result in one constituency was broadcast the day before the election. Several hundred people protested over what was described as a "rehearsal to test new computer programmes" and yesterday the local TV chief was dismissed.

The opposition Party for Peace and Democracy, led by Mr Kim Dae Jung which has repeatedly claimed that the presidential election was manipulated by computer, was making a strong showing in second place yesterday according to early returns.

Several small demonstrations took place during the voting, which was generally peaceful, reflecting the marked lack of enthusiasm. In Ulsan where the son of the chairman of the Hyundai group, one of South Korea's largest companies, is standing for election against a workers' representative, voters were reported to be guarding ballot boxes to prevent fraud.

Joseph Hanlon, recently in Mozambique, reports on a World Bank/IMF recovery plan

Maputo wrestles with inflation

ONE OF the most far-reaching economic reform programmes in Africa is underway in Mozambique, the ostensibly marxist east African state. Its pragmatism has won the support of US President Ronald Reagan and Mrs Margaret Thatcher, the British Prime Minister.

However, future progress is dependent on increased international support, as well as on some risky economic policy decisions.

Last year, Mozambique successfully renegotiated its London and Paris club debts, and received concessional assistance of $657m. However, the IMF and the World Bank admit even this is not enough. In an economic policy framework paper issued last month, they argue that Mozambique needs at least $100m a year more of aid, and that "the interest burden remains onerous."

Despite the rescheduling of debt repayments, Mozambique has failed to gain interest-rate concessions.

Mr Abdul Magid Osman, the Finance Minister, said: "Interest payments this year will be more than 100 per cent of our exports. We are trying to convince our major creditors – Britain, France, the US, Japan, and West Germany – to accept lower interest rates. If this does not happen we will be in serious trouble."

This week Mozambique and the United Nations is hosting an international donors conference in an attempt to raise $378m in emergency assistance. The conference is apparently the first such UN meeting to be in the country itself, rather than in Geneva or New York.

It is also unique in that the UN and the donor community are backing Mozambique's argument that the main problem is South Africa's continuing support for the rebel Mozambique National Resistance (MNR), not natural disaster or economic mismanagement.

The appeal issued by the UN Secretary General stressed that the "effects of South African destabilisation at present dominate all aspects of life – social, economic, and political – in Mozambique."

It is this destabilisation which puts the biggest question mark over Mozambique's economic recovery programme (ERP). The rebels have destroyed tea and sugar factories and cut the railway to the coal mines. Attacks on roads and on district towns disrupt peasant marketing of cashew nuts and cotton as well as food crops. Almost 30 per cent of the rural population has been directly affected by the war.

Consequently, exports are only one-third of their 1981 levels and are likely to remain depressed. Similarly local food production and marketing is well below normal.

Despite the war, commercialised family production rose 27 per cent last year. Mr Osman pointed to this as one of the most important successes of the ERP, because the goal of the ERP was "to move the centre of gravity of the economy from the city to the countryside."

This rise reflects the sharp increase in producer prices and the widespread availability of consumer goods in rural zones.

However, peasants are increasingly unable to pay the massively higher prices for those consumer goods. Goods, and even foodstuffs, are lying unsold on shop shelves. It is not surprising that unsold shoes, radios, cigarettes, and other goods are building up in warehouses.

This flies directly in the face of attempts to stimulate industrial production, which had fallen well below 50 per cent of capacity. The main problem had been shortage of foreign exchange for spare parts and raw materials. Industrial production rose 18 per cent last year, entirely due to donations for inputs. "All our industries function on the basis of donations," admitted Mr Osman.

However, the donations are all conditional on economic restructuring agreed with the World Bank and the IMF. The agreed package includes an 11-fold devaluation (from 40 to 450 meticais to the US dollar), huge cuts in government deficit and in subsidies, cuts in the public and private workforce, reductions in price and allocation controls, higher interest rates, increased taxes, and charges for services such as health.

The first phase of the ERP worked well. It imposed financial discipline on public and private companies accustomed to permanent deficits. It also restored a realistic trading value to a currency which had lost most of its value – the black market exchange rate fell from 1,800 to 900 meticais to the dollar.

However, prices have risen faster than incomes, and this has cut buying power. Mr Osman admits that even with higher producer prices, purchasing power in the countryside is not rising fast enough to absorb the increased industrial production.

Nor will these goods be sold in the cities, because of a policy decision to squeeze the cities more than the rural areas. Urban buying power was cut further this month by the controversial decision to remove food subsidies. The prices of staple foods have more than doubled. Wage rises last month did not compensate.

Mr Osman's response is to stimulate the economy with a "substantially higher" investment budget – at least $130m this year in local expenditure. Much of this will be spent on labour-intensive public works and be funded from donor counterpart funds.

In addition, the World Food Programme is proposing a "food bank" which would supply extra food to productive workers, but at market prices.

Cutting one kind of public expenditure while increasing another in part reflects the dispute between the IMF and the World Bank over policy toward Mozambique. The fund is worried that stimulating the economy will cause a runaway inflation and slash the value of the currency again, while the Bank is worried that the squeeze has been so rapid that it is creating a recessionary spiral. The central problem seems to be that neither knows how to deal with a war economy.

One goal of the ERP is to make industrial workers and civil servants more efficient and productive. However, Mr Fernando Mario Jose, treasurer of Mozambique's largest food company, warned: "We are now going to see a lot of theft in our companies, because workers' wages are insufficient for all their needs."

Even if they do not steal directly, workers are spending less time at their desks and workbenches as they attempttry to find other ways to earn money to buy food.

The tradition in Mozambique is of silent resistance. The danger is that absenteeism, theft, and even sabotage may stifle the ERP.

Indians to fence out Pakistan

By John Elliott in New Delhi

INDIA has this week started building a barbed wire fence along parts of the border between Pakistan and its troubled northern State of Punjab in an attempt to stop the flow of guns and ammunition to Sikh extremists.

A total of about 60 miles of fencing is being erected about 150 yards from the border at key access points used by smugglers of arms, gold and other goods. Border patrols are also being increased and more fencing is being erected to the north in the state of Jammu and Kashmir.

During the past few weeks there has been a sharp increase in terrorist activity in the Punjab, where more than 800 people have been killed this year. Sikh terrorists have started using AK47 assault rifles in many attacks, plus some rocket grenade launchers.

No Bofors bribe evidence found

THE Indian Government last night published a parliamentary report which says that there is no evidence of any "commissions or bribes having been paid to anyone" on a $1.4bn howitzer gun contract with Bofors of Sweden, John Elliott writes.

Corruption allegations were made against the Indian Government a year ago. Last Friday an Indian newspaper published documents purporting to show that the Hindujas, a European-based Indian family, received payments. The Hindujas say the documents were forgeries.

Reagan lobbies for veto support over Trade Bill

BY NANCY DUNNE IN WASHINGTON

THE REAGAN Administration was last night lobbying heavily in its battle over the 1988 Trade Bill by seeking assurances that Republic senators would support an expected presidential veto.

The lobbying was taking place as the Senate last night prepared to vote on the bill, which was passed by the House of Representatives with a big majority last week.

While the odds were thought to be on the President garnering the 34 votes needed in the Senate to sustain a veto, labour lobbyists and Democratic leaders were working strenuously for a two-thirds majority – the vote necessary to override a presidential veto.

Whatever the outcome, the Democrats appear to have emerged politically in a no-lose position. The President has threatened his veto over the provision requiring 60 days notice of plant closings.

However, recent polls show the measure has overwhelming support by the American public so that a victory by the president on the veto would only hand Democrats a powerful election year issue in November.

With this political advantage in hand, Democratic leaders have in recent days warned that this Bill may be the only one the President will have the opportunity to sign. Senator Lloyd Bentsen, chairman of the Finance Committee which oversees trade issues in the Senate, said his committee has new tax and welfare legislation to write and would likely be too busy to write another bill this year.

The AFL-CIO spokesman said labour would oppose any Bill which does not have a plant closing provision.

Senator John Breaux, a Louisiana Democrat, was one of several who argued that communities need advance notice of lay-offs so they can begin worker retraining programmes.

Businesses, he argued, are quite ready to accept special tax advantages, free land, roads and railroad tracks when they locate in a town. "If you cannot make it in our tow, we understand, but please at least say goodbye," he said.

Senator Brock Adams, a Washington Democrat, attacked the "golden parachutes" given to executives who lose their jobs and called for "simple justice" for plant workers.

World Court rules against US over PLO mission

THE World Court yesterday ruled against the US attempt to unilaterally shut down the Palestine Liberation Organisation's mission at the United Nations in New York, AP reports from the Hague, Netherlands.

The ruling implicitly condemned the US move to close the PLO mission by supporting the UN position that the dispute must be submitted to independent arbitration.

It was the court's second ruling against the US in two years.

In 1986 the court, formally known as the International Court of Justice, condemned as a violation of international law the Reagan Administration's support for the Contra rebels fighting Nicaragua's Sandinista government.

The attempt to shut down the PLO mission has been condemned by all UN member nations except the US and Israel, as well as by the UN administration itself.

At the request of the UN General Assembly, Mr Javier Perez de Cuellar, UN Secretary General, filed the court case on March 9 in the form of a request for a legal opinion on whether the dispute is subject to arbitration.

"The court unanimously is of the opinion that the United States of America as a party to the Headquarters Agreement of 26 June 1947 is under an obligation . . . to enter into arbitration of the dispute between the United States of America and the United Nations," said the ruling by the judges of the court, the UN's judicial arm.

Dukakis sets sights on big win in Pennsylvania

By Lionel Barber in Washington

GOVERNOR Michael Dukakis of Massachusetts yesterday set his sights on a big victory in the Pennsylvania primary election to propel him towards the Democratic presidential nomination.

Polls showed that Mr Dukakis held a large lead over his sole rival, the Rev Jesse Jackson, the black former civil rights activist who is struggling in this predominantly white and Roman Catholic state.

On the Republican side, Vice-President George Bush looked certain to lift his delegate total above the 1,139 needed to capture the nomination at the August convention in New Orleans.

Mr Dukakis, while recognised as the favourite for the Democratic nomination, has conducted a low-key campaign avoiding attacks on Mr Jackson and attracting respectful if hardly enthusiastic audiences.

With some 1,075 delegates under his belt, he is still a long way short of the 2,082 delegate majority required at the Democratic convention in Atlanta in July. But a win in Pennsylvania, where 178 delegates are at stake on a winner-take-all basis by congressional district, would give him a boost ahead of next week's contests in the industrial states of Ohio and Indiana.

Mr Jackson, sounding in his speeches more and more like Dr Martin Luther King, continues to draw big crowds.

He commands 836 delegates, but his campaign has faltered this week over statements about how, as President, he would deal with terrorists.

At one point, Mr Jackson described South Africa as a nation that "sponsors and condncts" terrorism. He also suggested – but later backed off – that he might as President grant terrorists immunity from prosecution and freedom of passage in return for the release of hostages.

Such comments are unlikely to encourage the cautions Mr Dukakis to consider offering a place on the Democratic presidential ticket to Mr Jackson, whatever his strength in the popular vote. However, in a television interview yesterday, Mr Jimmy Carter, the former Democratic president, said a Dukakis Jackson ticket would be "amazingly attractive."

David Gardner reports on the reasons behind an unmistakable gesture of solidarity

Mexico offers Panama a helping hand

MEXICO last week announced it would guarantee oil supplies to the beleaguered regime of Panamanian strongman Gen Manuel Antonio Noriega, a decision which could prove a weathervane for Latin America's judgment of Washington's part in the Panama crisis.

Panama's efforts to end its diplomatic near-isolation in the region now hinge on persuading Latin America to operate an emergency clearing house – probably through a group of central banks – to enable Panama's banking system to reopen. The country's 125 banks have been closed since March 4, after the Banco Nacional de Panama announced it could no longer supply the US dollars which are Panama's currency.

In the communique announcing the decision Mexico said it "will offer (Panama) the facilities to obtain oil within the framework of the San Jose Pact until the problems caused by the crisis are overcome" and describes its move as "an act of solidarity".

Mexico normally supplies half Panama's needs of 25,000 barrels a day under the concessionary terms of the seven-year-old San Jose agreement it operates with Venezuela for poor Central American and Caribbean nations. Venezuela and Ecuador supply the rest.

Now Mexico has undertaken to waive immediate payment on the oil, further lower interest rates on the credit lines underpinning the transaction and postpone indefinitely collection of Panamanian oil bill arrears of $23m, Mexican diplomats say.

Furthermore, Mexico's national mint last week signed an agreement to supply Panama with the coins it normally has minted in the US.


Mexico's action may tilt the balance away from President Reagan towards General Noriega

Even though in recent weeks public employees have been part paid in bags of small change by the bankrupt Government, this will have little practical effect on the oddest symptom of the Panama crisis, the shortage of US dollars, brought about by US sanctions and government cash-flow problems. But as a gesture its intent is unmistakable.

The Mexican Government has many motives to come to the aid of Gen Noriega. This is despite the fact that Mexico and nearly all other Latin American governments would nevertheless like to see him step down as armed forces chief and de facto ruler of Panama to clear the way for a transition to democracy.

But the single incident around which these motives coalesced came nearly two weeks ago when the US Senate voted by a large margin to "decertify" Mexico as a country already certified by President Reagan for its co-operation in the fight against drugs trafficking. This followed US allegations that drugs-related corruption has spread through the Mexican administration and security forces.

Good conduct certificates for nations, most of them Latin American, which are part of the production, distribution and financing chain for narcotics reaching the vast American drugs market, have been required by US law since 1986.

Decertified offenders lose US aid and face often decisive US votes against credits they seek from multilateral finance institutions such as the World Bank.

This is academic in Mexico's case, since it only receives US aid for its extensive anti-narcotics campaign, to which it devotes a quarter of its army and 60 per cent of its Attorney General's budget, and President Reagan vetoed the Senate decision anyway.

But Mexican officials were indignant at what they saw as the latest manifestation of hypocrisy on the drugs issue by the US political establishment, and drew their own conclusions.

Panama was decertified early in the current crisis and Gen Noriega's indictment on serious drugs charges by two federal juries in Florida is the main justification the US offers for its campaign to overthrow him.

The fear that diplomats from the region underline is that future US Administrations could use the drugs issue as a pretext to undermine not only Mexico, but governments in Peru, Colombia, Bolivia, or any other of the growing number of countries being sucked into the spreading international narcotics network.

Many observers in Latin America stress that drugs are already displacing left-wing insurgency as the perceived external threat from this region for the 1990s for US politicians.

When rioters in Honduras, the most supine nation-state in Latin America, burned down part of the US embassy in Tegucigalpa earlier this month in reaction to the illegal extradition of a leading drugs baron, Washington concluded this was a narco-Communist conspiracy. Almost everyone else realised the extradition was merely the catalyst which released long pent-up frustration at US disregard of Honduran sovereignty in the prosecution of its proxy war against Nicaragua's ruling Sandinistas.

Probably the most respected West European diplomat in this region, commenting on the Honduran incidents and the Panama crisis, described Washington's reaction as "yet another indication of the inability of the US to face the inevitable. It has had an informal empire in Latin America and the time has come to renegotiate the terms of the relationship with those countries, and define what your security interests down there are, as opposed to nightmare-ising scenarios of brown men wielding the Communist manifesto and bags of cocaine".

The drugs issue is a new thread in the traditional Latin American pattern of mistrust of US motives, and the Panama crisis could entangle it in a way which seemed unlikely when it began.

When Gen Noriega sacked his latest figurehead civilian president, Mr Eric Arturo Delvalle, on February 26, countries like Argentina and Uruguay, which have relatively recently re-established civilian rule, withdrew their ambassadors. The Group of Eight, a mechanism for co-ordinating regional debt, trade and political policy made up of Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay and Venezuela, suspended Panama from its deliberations.

Even Mexico, it is reliably understood, came close to withdrawing its ambassador in Panama for consultations. Mexico's apparent vacillations on its most deeply-held foreign policy principles – self-determination and non-intervention in the affairs of other nations – caused an unusually public row in the foreign ministry, leading to the summary sacking of Mr Ricardo Valero, the main architect of its Central America policy.

Latin diplomats say few of their governments approve of US tactics which are ruining the Panamanian economy to oust Gen Noriega – as ex-President Delvalle put it last week, "sinking the ship to grab the captain". The Panamanian Government has been working hard to convince them that the general will go and that civilian rule is in prospect. The balance of argument is now very delicately poised, as the Mexican change of tack has illustrated.

World Bank hits at 'chaos' in Brazilian social sector

BY IVO DAWNAY IN RIO DE JANEIRO

A CONFIDENTIAL World Bank report has unveiled a picture of widespread inefficiency, poor resource allocation and chaotic administration throughout Brazil's social programmes.

The study, conducted over the last six months by a World Bank human resources team, has been leaked in the Brazilian press.

It claims that funds allocated to sectors such as social security, health, housing, education and nutrition are failing to get through to the poorest segments of the population, but are instead benefiting higher income groups.

The report alleges that the least wealthy fifth of the Brazilian population receives only 8 per cent of total social benefits.

Citing specific examples of the misallocation of funds, it says that 85 per cent of health care is devoted to high-cost, curative hospital treatment. Only 15 per cent is targeted at preventative care such as immunisation programmes and child health, despite the superior cost-effectivenes of such schemes.

The report is also critical of the highly bureaucratic management of funds which involve substantial losses in administrative costs before the ultimate beneficiary is reached.

A World Bank official confirmed the existence of the study yesterday, but claimed that a draft version published in the Brazilian press had since undergone some revisions of figures and statements.

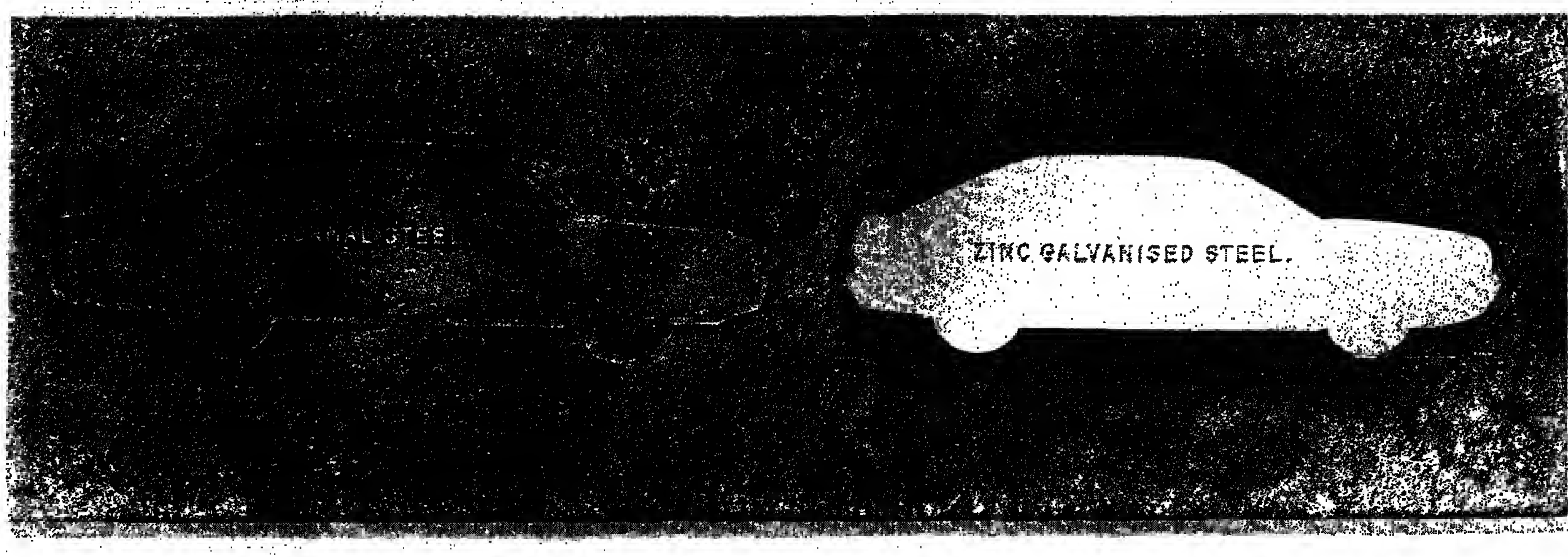
"The social sector study was made in collaboration with the Brazilian Government which knows there are problems and wants to correct them," he said.

He went on to deny claims that the Bank had been withholding funds for Brazil until improvements in administration were achieved.

Of more than $2bn in loans due to be approved for Brazil in the Bank's current fiscal year, ending in June, only $289.5m have been disbursed. This compares with $1.68bn approved for Mexico.

But the delays have been due to slow decision making in Brasilia, not in Washington, the Bank claimed.

TO STOP YOUR BODY AGEING PREMATURELY, DR DIETZ PRESCRIBES ZINC.



DR DIETZ had cracked it.

AUDI'S TEN year warranty stood as testament to zinc's remarkable anti-corrosion properties.

AS WE sped home, the fact that we still didn't understand the intricacies of cathodic protection, didn't seem to matter.

EARLIER THAT morning, after a gruelling four hours on a snow bound autobahn, Dr Dietz greeted us at Audi's quality assurance centre.

'THE DRIVING conditions are very wearing,' observed our host gazing out of the window.

FOR A moment we thought Dr Dietz was showing a little compassion.

'CARS IN Germany,' continued the Doctor, *'have to withstand an extremely corrosive environment. You see, in some areas, snow lies on the ground for six months of the year.*

'TO AGGRAVATE the situation, every year the authorities put half a million tonnes of salt and grit on our roads. And the corrosive agents SO_2 *and* NO_x *are present in high levels in our rain and air.'*

SUDDENLY LIVING in Britain didn't seem so bad.

'CONSEQUENTLY, AT Audi, we now employ the classic corrosion protection system: zinc galvanisation.'

'BUT DON'T other manufacturers already use zinc?' we questioned.

'INDEED,' REPLIED Dr Dietz smiling, *'most cars have a limited number of galvanised parts: hinges, sills, brackets and some body parts. Only Audi, along with Porsche, have their body shells completely galvanised inside and out.*

'CONSEQUENTLY, WHILE most manufacturers' corrosion warranties are limited to six years, Audi's now extends to ten. Zinc is also likely to increase an Audi's resale value.

'ARE YOU familiar with galvanisation and the barrier effect and cathodic protection afforded by zinc?' enquired Dr Dietz.

DR DIETZ took his cue from our blank faces. Our metallurgy was, to say the least, a little rusty.

'ALLOW ME to explain. The protective layer of zinc works in two ways. Firstly, the zinc provides a barrier that protects the steel from contact with corrosive media. This purely physical corrosion-resisting property of zinc coatings on steel is referred to as the barrier effect. Zinc, of course, corrodes up to ten times more slowly than steel.

'SECONDLY, SHOULD the zinc be damaged, exposing the steel, the zinc becomes the sacrificial anode in the electrochemical corrosive reaction.

'IN PRACTICAL terms this suppression of the anodic reaction of the steel means that the Fe side of the electrode pair is no longer a corroding mixed electrode, but a corrosion-free cathode. The corresponding phenomenon is therefore referred to as cathodic protection.'

DR DIETZ might just as well have been speaking German.

THE DOCTOR endeavoured to explain in more simple terms. *'Should the steel be exposed, the zinc bleeds over the steel. No rust will form until the zinc has been eroded, a process which can take several years.'*

'WITHOUT ZINC, how long would rust take to form?' we queried.

'SEVERAL DAYS, maybe less,' smiled Dr Dietz.

'HOWEVER, WHILE zinc is undoubtedly an effective weapon against rust, it can only be one element in a complete range of anti-corrosion measures,' continued Dr Dietz.

DR DIETZ, we sensed, was on the verge of refreshing our memories about the rest of Audi's corrosion protection. Apparently, the 27-operation painting process, the wax-flooded cavities and the chip-resistant elastic undercoat, had all been retained despite the introduction of zinc galvanisation.

THANKFULLY, WE persuaded him they could wait until another time.

HOWEVER, ONE question did remain. 'Why were Audi the only manufacturer, but for the notable exception of Porsche, to adopt fully galvanised zinc bodies?'

DR DIETZ smiled. *'Vorsprung durch Technik,'* came the reply.

Audi

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New car registrations in Western Europe rise 9%

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

NEW CAR registrations in Western Europe jumped by 9.1 per cent in the first quarter of 1988 compared with the same period the previous year. Sales totalled 3.36m units against 3.06m in January-March 1987, mainly because of strong demand in the big volume markets of the UK, France, Italy and Spain.

The boom is outlasting most industry forecasts, but in March the rate of growth in new car sales fell below that in the previous two months, and some leading car makers expect European new car sales in the whole of 1988 to fall just short of the record 12.4m of last year.

In March, new car registrations rose by some 5.6 per cent on the sama month a year earlier to 1.29m units, according to industry estimates.

In West Germany, the biggest single car market in Western Europe, sales in the first quarter rose by 2.9 per cent - and by 1.2 per cent in March alone - to 647,000 units.

The slower growth rate in West Germany is one of the factors behind the slow start made by Volkswagen in Western Europe this year.

VW has headed tha Western European sales league for the past three years, but in the first quarter it has been clearly outclassed by Fiat of Italy, which claimed an astimated market share of some 15.9 per cent.

Fiat's share has fallen from the 16.3 per cent held in January/February, but it still has a commanding lead over the Volkswagen group, with a 13.7 per cent share in the first quarter.

Both VW and Fiat are being pressed hard by Pangeot of France, which last year ousted Ford from third place and which in the first quarter this year raised its market share to 12.7 per cent from 12.0 per cent a year earlier.

The Peugeot group, which benefited from several successful new product launches, enjoyed the biggest increase in sales of any of the big six volume car makers in Europe, with a jump of close to 18 per cent in the first quarter to 427,000 from 368,000 a year ago.

Fiat's fortunes, boosted by the launch of the Tipo, its new competitor in the small family car segment of the market, has been buoyed in the first quarter by the performance of the Italian market, where new car registrations are estimated to have jumped by 13.4 per cent to 616,000.

Of the five biggest markets in West Europe, only Spain has achieved a faster rate of growth, with 22.6 per cent in the first quarter to 261,000 units, although here too the rate of growth slowed in March to an increase of 10.8 per cent.

In France new car sales rose by 8.6 per cent in the first quarter to 538,000, while sales increased by 10.9 per cent in the UK to 585,000.

While new car sales continue to boom in most of Western Europe, some of the smaller markets have gone into rapid decline in the face of straitened domestic economic circumstances. New car sales in the first quarter in Norway dropped by 26.6 per cent, in Denmark by 12.9 per cent and in the Netherlands by 6.3 per cent.

Japanese car makers managed to outpace the market, increasing their volumes by 12.4 per cent in the first quarter to an estimated 357,000 units

The biggest gains were made by Nissan, which is increasing output from its assembly plant in the north-east of England and which is expected to begin exports from the UK in the autumn. Nissan's sales volumes in West Europe were 19.7 per cent higher, at 93,000,in the first quarter than a year earlier.

WEST EUROPEAN NEW CAR REGISTRATIONS - January/March 1988

	Volume	% Change	Share(%)
Total market	3,360,000	+9.1	
Fiat (including Lancia & Alfa Romeo)	535,000	+12.2	15.9
Volkswagen (including Audi & Seat)	460,000	+4.5	13.7
Peugeot (including Citroen)	427,000	+15.9	12.7
Ford	383,000	+7.3	11.4
General Motors (Opel & Vauxhall)	363,000	+6.7	10.8
Renault	352,000	+7.3	10.5
West Germany	647,000	+2.9	19.3
Italy	616,000	+13.4	18.3
United Kingdom	585,000	+10.9	17.4
France	538,000	+8.6	16.0
Spain	261,000	+22.6	7.7

Source: Industry estimates

Moscow relaxes rules for business visas

BY QUENTIN PEEL IN MOSCOW

THE Soviet Union yesterday announced a relaxation in the visa requirements for foreign businessmen, in an apparent further move to attract foreign investment in joint ventures.

From May 1, visas will be available within 48 hours for visiting businessmen with an invitation from a Soviet organisation, and multiple entry visas will also be available, an official said.

However, the new deal still left confusion among resident businessmen and diplomats in Moscow about how broadly the new rules would be applied and whether they would apply to Moscow residents.

The immediate assumption was that the liberalisation would be used to help companies embarking on joint ventures, but the issue of multiple entry visas to resident businessmen would still depend on an arrangement with their home country.

Mr Oleg Avramenko, first deputy head of the consular directorate of the Soviet Foreign Ministry, said the new rules would relate only to business and scientific contacts.

Another concession would allow businessmen on first-time visits, who have therefore not had the chance to get an invitation from a local contact, to visit the country on a tourist visa.

EC backs plans for trade talks with Tokyo

By David Buchan in Luxembourg

EUROPEAN Community member states have endorsed the Brussels Commission's plans to start trade talks this summer with Japan on a new range of products including pharmaceuticals, dairy goods and pigment.

A statement issued by EC Foreign Ministers meeting in Luxembourg also urged continuation of discussions with Tokyo on "the unsolved problems of market access for motor vehicles and medical devices", and the monitoring of commitments made by Japan to liberalise cosmetics imports.

The ministers welcomed the recent reduction in Japan's trade surplus with the EC, stemming in part from Tokyo's new emphasis on domestic, rather than export-led, economic growth.

But they said EC states expected Japan to follow fully recent Gatt rulings against high Japanese taxes on imported wines and spirits such as whisky and against Japan's two-year-old price-fixing accord with the US on semiconductors.

Noting the recent US-Japanese agreement on the participation of foreign companies in Japanese public works projects, the EC ministers warned that they expected European suppliers to be given "fair, non-discriminatory access to procurement" for Kansai International Airport and other infrastructure projects.

R – R hands over plant

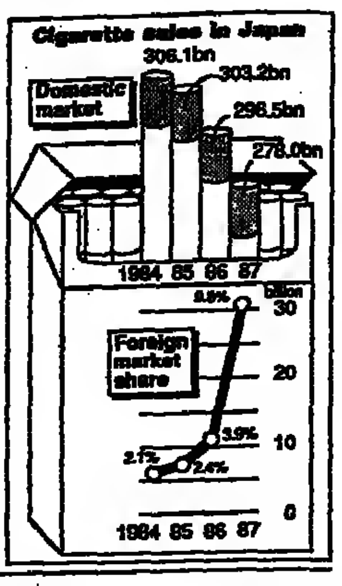
By Lynton McLain

ROLLS-ROYCE,the UK turbine manufacturer, yesterday handed over the largest electrical power installation it has built in the past 30 years to a power company in Nigeria.

The £33m plant is for the Rivers State Utilities Board, at Imiringi, and is based on two Olympus gas turbine generating sets, providing 40,000KW of electricity for 95 villages. All external finance was provided from Britain.

Sales of foreign cigarettes double in Japan

BY CARLA RAPOPORT IN TOKYO



FOREIGN tobacco companies have finally cracked the Japanese cigarette market, cornering nearly 10 per cent of the domestic market and more than doubling sales in the past year.

This success has been achieved largely because of the lifting of import tariffs on cigarettes by Japan last year. Sales of foreign cigarettes last year jumped by a factor of 2.5 to 30.3m. In the fiscal year ended March, the value of foreign cigarettes more than doubled to nearly $3bn (£1.6bn), according to the Tobacco Institute of Japan.

The institute expects foreign cigarettes to gain further in the current year, to perhaps 12 or 13 per cent of the market.

Liberalisation of the tobacco market grew out of one of the big trade rows between the US and Japan in the early 1980s. The removal of tariffs and the abolition of the Japanese tobacco monopoly, which controlled the distribution of cigarettes in Japan, came in stages between 1986 and 1987.

The removal of the import tariff last year immediately translated into a Y20 to Y30 per pack price cut on foreign cigarettes, making them competitive with domestic brands.

The best-selling foreign brand in Japan last year was Lark Mild, made by Philip Morris of the US. It ranked as the ninth best selling cigarette in the country. Philip Morris retains a strong lead over the other foreign manufacturers, producing seven of the top 10 foreign brands.

Analysts yesterday also pointed out that the foreign companies have been benefiting from improved marketing operations and better products, aimed at the Japanese market.

● About 60 Japanese microchip user companies will set up a group next month to help promote imports of foreign-made semiconductors, the Electronics Industries Association of Japan said, Reuter reports from Tokyo.

The US is dissatisfied with what it sees as Japan's failure to increase American microchip makers' access to the Japanese market following a 1986 pact on semiconductor trade.

Robert Thomson on rifts between government and foreign companies

China's quest for suitable partners

A BROADCASTING AND hotel complex that was to be the pride of Peking is yet to get off the ground because of two successive communication breakdowns between the state-run China Central Television (CCTV) and foreign partners badly bruised by last year's stock market plunge.

The stricken $50m project highlights China's exposure to the complexities of foreign corporate life, as well as the still rigid contract approval system and the difficulties some Chinese institutions have in telling the difference between a foreign company and its government.

Just over a year ago, CCTV signed a joint venture contract with the Parry Corporation, headed by Mr Kevin Parry, which a few days later unsuccessfully defended Australia's ownership of the America's Cup yachting trophy. In February this year, CCTV signed an agreement to replace the troubled Parry Corporation with another Australian company, the Perth-based Rowells Ltd.

Now Rothwells, which was assisted by the government of Western Australia after the stock market plunge, has withdrawn following a dispute with CCTV over changes to the design of the project, which is supposed to be a centrepiece of the Asian games here in 1990.

"Wa have been unlucky with our choice of companies," said Mr Wang Nansheng, the general manager of CCTV, one of China's most powerful institutions. "The world of business is very complicated."

Mr Rupert Murdoch's News Corporation negotiated with CCTV in 1985 on the same project but could not reach agreement for a variety of reasons, including a dispute over the responsibility for rehousing people living on the site. And Mr Parry claimed that he beat a large field of interested foreigners, including Mr Ted Turner, the US broadcasting baron, also an America's Cup yachtsman.

The prestige of the project has been shown by the presence of a Chinese vice-premier, a deputy president, a senior state councillor, and a former foreign minister at various signing and welcoming ceremonies. Aware of the communist party's imprimatur, the Australian government suffered a loss of face when Mr Parry pulled out, and helped to find the new partner, Rothwells.

While foreign countries and companies often do China favours in the interests of long-term ties, Mr Wang Nansheng explained that CCTV has been reluctant to take legal action against the Parry Corporation because the building is intended to be a symbol of "friendly co-operation" and a writ might be taken by Australia as a political statement.

"Wa have suffered a lot of losses. It has been a waste of our time. Wa must have the building built by 1990," Mr Wang said. He suspected early that the Parry Corporation had been an unwise choice, as the company asked for an extension of payment deadlines almost immediately after the signing of the contract in January 1987.

CCTV was annoyed that it took nine months to convene the first board meeting of the joint venture partners and even more annoyed when, a few weeks later, Parry told the West Australian government that it would be unable to continue with the project.

In February this year, after prompting by the government and only two days of negotiation, Rothwells agreed to become the new partner for the complex, a combination of broadcasting centre, hotel and apartments. A few months earlier, Rothwells was in serious post-plunge difficulties, and the West Australian government provided a $109m guarantee to assist the company, while other West Australians, including Mr Robert Holmes à Court and Mr Alan Bond, provided a comradely injection of capital.

During the two days' negotiation, Rothwells had requested and won major changes to the Parry contract, putting more emphasis on the broadcasting function, and less on the accommodation, which it feared would only add to a growing surplus of hotel and apartment rooms in the Chinese capital. Rothwells also asked for a new feasibility study to be completed before it would even consider building the hotel-apartment phase.

While CCTV signed the new agreement, Mr Wang Nansheng said the Ministry of Foreign Economic Relations and Trade, which must approve all such joint ventures, would not accept the terms because "Rothwells had changed the business scope," and "it was not a direct transfer of title" from Parry to Rothwells.

Mr Wang said feasibility studies had already shown that the new accommodation would be profitabla, and thus, to his mind, Rothwells should have simply accepted the Parry contract as was.

"Wa have the design for the building. We hava all tha approval and we know that we will make a profit. All we need is a good partner and the money, and we can directly transfer the title of the contract. If you know any good, strong companies, we will be very glad to co-operate with them," Mr Wang said.

Turner: beaten broadcasting baron

If your five-year-old son were asked to draw a picture of his family, would you be in it?

'I WAS really choked. He gave it to me at breakfast one Saturday. Really proud of it, he was. There was his mother, his big sister and him. I just wasn't in the picture.'

Most people would agree that time is the one thing we could all do with more of.

What most people don't realise is that the right communications package is one of the shorter routes to saving time at work.

Unfortunately, given the complexity of business communications today, getting one's hands on the right package isn't exactly easy, is it?

Here, on the business side of British Telecom, we have literally thousands of examples of the latest in time-saving systems, equipment and services.

Everything, in fact, from simple radio pagers to fax machines to the technology that allows complex data to be sent across the country in seconds.

Our problem was how to get the items relevant to you into your hands without wasting your time with the rest.

We were serious enough to call in a leading management consultant and, together, we think we've found a solution.

It's called Workplan and this is how it works:

You phone and ask for Workplan. In a day or so, you'll receive the first stage, which is a business-orientated questionnaire designed to help you evaluate where improved communications might help.

(Even if you decide not to return this, you'll benefit from what you'll learn about yourself as you respond to its questions.)

If you do return a completed questionnaire, we'll use your answers and a bank of computers to analyse your particular business needs.

Then we'll make up and send off your personally compiled Workplan handbook.

This is a ring-binder containing information and advice on the communications options we believe would be most likely to save you time.

If at that moment, or indeed anytime in the future, you'd like to discuss specific items with one of our people, you only have to call and say so.

'Ah,' we hear, '*but I'm too busy to get into all this.*'

All we can do by way of persuasion is reiterate the words in the introduction to Workplan: 'If you haven't got time to fill this in, you need to fill this in.'

In business, time is money. In your personal life, it can be priceless.

Call us free on 0800 800 840 and ask for your copy of Workplan. Our lines are open 24 hours a day, seven days a week. CALL US FREE ON 0800 800 840.

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UK NEWS

Syndicate faces £30m cash call after US losses

BY NICK BUNKER

MR RICHARD OUTHWAITE, one of the Lloyd's insurance market's top marine underwriters, is to ask for between £20m and £30m in cash this summer from about 1,500 people who belonged to his main insurance syndicate in 1982 and who now face huge losses arising from US liability claims.

He asked the same people in 1987 to find £10.27m to help bolster the syndicate's reserves.

Observers at Lloyd's say he has indicated that there will probably be yet another cash call next year.

They believe he will use the money from this year's payment to settle disputes with 12 other Lloyd's underwriters which have claims outstanding against his syndicate.

News that Mr Outhwaite was making the cash call came in a letter sent by his company, RHM Outhwaite (Underwriting Agencies) to members of Lloyd's (or "Names") who were on his syndicate, number 317/661.

It represents the latest twist in the long-running Outhwaite affair at Lloyd's, which began in 1981-82.

At that time, Mr Outhwaite agreed to reinsure many other Lloyd's syndicates against losses arising from policies written by them since the Second World War.

As a result, a big share of the Lloyd's market's huge liability claims arising from asbestosis and hazardous waste pollution damage in the US have fallen on the backs of investors in Mr Outhwaite's syndicate.

Representatives of 102 other underwriting agents at Lloyd's, who placed their clients on his syndicate, were told by Mr Outhwaite at a meeting last Friday that he planned to give a firm figure for the cash call.

He also intends to publish a full report on the current status of the syndicate's 1982 losses, by May 16.

APPEAL HEARING CENTRES ON DISCLOSURE OF £5.2M RECOMPENSE

Ward seeks full trial on Guinness payment

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A £5.2m payment made by Guinness to Mr Tom Ward, a US attorney and former Guinness director, was described by a judge in the Court of Appeal in London yesterday as, "by English standards, astronomical."

Sir Frederick Lawton's comment came during a hearing at which Mr Ward contended that there should be a full trial to decide whether Guinness should succeed in its claim to recover the money, paid to him in connection with the takeover battle for Distillers.

Mr Ward appealed against a High Court judge's decision last July that Guinness should have immediate judgment on the claim without the case going to full trial.

Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, the senior judge of the Chancery Division, said in the High Court that the payment, which Mr Ward asserted had been made for his "valuable services" to Guinness during the battle with Argyll for Distillers, remained Guinness' property because it had not been disclosed to the full Guinness board, as required by the company's articles and the Companies Act.

Sir Nicolas said that the way Mr Ward's case had been put was only consistent with an implied admission that there had been no disclosure.

The appeal judges rejected a plea for an order under the 1981 Contempt of Court Act postponing publication of any reports of Mr Ward's appeal – other than its outcome – until after the trial of seven men charged with criminal offences in the Guinness affair, which is expected to take place early next year.

The plea was made by Mr Bruce Laughland QC, for Mr Ernest Saunders, one of the seven accused, who is also a party to Guinness's civil action to recover the £5.2m payment to Mr Ward, though not involved in the appeal.

Mr Laughland said that two of the 40 charges Mr Saunders faced related to the £5.2m and that reports of the appeal might give rise to serious prejudice to him.

There had, Mr Laughland said, been extensive publicity about the Guinness affair, "not all of it exhibiting the restraint which would have been commonplace half a generation ago." Lord Justice Fox said it would not be appropriate to make the order.

Guinness had sought immediate judgment against Mr Ward following an interim ruling by Sir Nicolas in May that an agreement Mr Ward alleged had been made by him with Mr Ernest Saunders, then Guinness chairman and chief executive, for the £5.2m payment could not have been lawfully made because it had not been disclosed.

Yesterday Mr Peter Curry QC, for Mr Ward, told the three appeal judges that there was a major dispute about the facts surrounding the payment that could be resolved only at a full trial.

At such a trial, Mr Ward and Mr Saunders would have an opportunity to say that they had acted in good faith, and to seek to justify the size of the payment, which Mr Curry acknowledged was "very large."

He said that Mr Ward had done crucial work for Guinness during the Distillers bid. Mr Saunders had regarded his work as invaluable, had persuaded him to delay his return to the US, and agreed to recompense him with £5.2m.

Section 315 of the Companies Act stated that a director must disclose his interest in any contract made by the company. But, Mr Curry said, it provided only that a fine could be imposed for non-disclosure; it did not invalidate the contract.

Guinness' articles, Mr Curry said, provided that, if a director was acting in a professional capacity, he could be remunerated "as if he were not a director," and also for a director to be paid for "special services." Mr Ward had been acting as a business consultant.

The payment to him had not had to be disclosed to the full Guinness board. The articles also provided for a committee of directors to act as the board. During the bid battle Mr Saunders, Mr Ward and Mr Olivier Roux, then Guinness finance director, had constituted such a committee. They had authorised the payment, so disclosure by Mr Ward would have been "an absurdity."

"The committee are giving him something, therefore they know what his interest is. So to suggest that there has to be disclosure is a nonsense."

Mr Curry denied that Mr Ward's defence contained any admission that the payment had not been disclosed, as had been found by Sir Nicolas Browne-Wilkinson.

The hearing continues today.

Strains on the system as A – Day looms

BY ALAN CANE

THE ELECTRONIC equivalent of string and sealing wax will be much in evidence this Friday, 'A – Day,' as systems managers in Britain's financial services companies struggle to ensure their technology will enable their companies to comply with the requirements of the Financial Services Act.

The Act demands that firms should be able to handle their own and their clients' money in new and more precise ways and provide better and more detailed information about their trading performance.

Changing computer systems to meet these new requirements has proved a major headache for every financial services company over the past few months. Indeed, there were fears earlier this year that firms might be barred from trading after A – Day because their systems could not be modified in time to provide the information demanded by the Act.

These have now largely evaporated, chiefly because the Securities and Investments Board (SIB) has allowed more time for the more complex parts of the legislation to be interpreted in systems terms.

Nevertheless, even the largest firms expect to muddle through using rewritten computer programs and expensive, labour-intensive manual methods.

Firms seem to fall into one of three broad categories according to their state of preparedness. First, there is a handful of very large firms which have done all that has been asked of them, barring a few loose ends.

Then there is a group of large and middle-sized firms which will pass muster in that they are aware of the shortcomings in their systems and are well ahead in their plans to plug the gaps.

Last, there is a group whose state of preparedness is largely unknown because, as one systems manager remarked: "We never talk to them and they never talk to us."

Mr Brian Smith, director of the Securities and Investments Board information services division, responsible for creating maintaining the database of authorised companies and individuals, said: "Some of these firms have been very slow to make the necessary preparations."

Mr Wilkins of James Capel, points out that many firms are having difficulties deciding how to modify their systems to handle dividend payments accruing to clients. "This was a last-minute fast ball," he said. "A number of companies will have a great deal of difficulty with this provision because their systems are not geared to handle it."

Just who the defaulters will be is not expected to emerge until the SIB teams begin their tours of inspection and the first batch of quarterly reports is due.

The SIB itself is working virtually round the clock to ensure that its registration system will be ready for Friday.

The system turns around a relational database, a computer file whose contents can be examined in a number of different ways, called CRAMS (Central Register and Monitoring System).

CRAMS runs on a computer owned by the bureau Datasolve; SIB staff have access to the information it contains through a conventional telecommunications link; the public can inspect the database through Prestel, the British Telecom viewdata service. A Prestel terminal is freely available in the SIB's City of London offices; firms and individuals making enquiries at the office or at home will pay 30p for each enquiry.

The system itself is comparatively simple and uses tried and tested technology. The complexity lay in accommodating the 17 different bodies which have to report to the SIB under the terms of the Act, the number of different activities the database would have to support and the number of different kinds of enquiry that would have to be catered for.

The information held on the database will be accessible to those interested as computer tape (£4,000 a tape, or £8,000 a year for monthly updates), over Prestel, as an on-line service and as a source of replies to telephone or postal enquiries.

Private school rolls rise for fifth year

BY MICHAEL DIXON

BRITAIN's private schools continue to attract more pupils even though the country's total school-age population is falling, says a survey published yesterday by the Independent Schools Information Service.

The study of 1,342 fee-charging schools in January shows that their rolls had risen for the fifth successive year to nearly 445,000 – 1.3 per cent up on early 1987.

If the survey findings are representative of all 2,250 UK independent schools, the private sector now caters for about 570,000 children or just over 7 per cent of the appropriately aged population.

The main rise last year was in the low age ranges – from two to eight years old – where numbers in the schools surveyed rose by 5 per cent to about 94,000. The overall school-aged population is falling by 4 per cent in the secondary sector, those older than 12, and rising by about 1 per cent in the primary sector.

Headteachers at the press conference to introduce the survey said that demand for private schooling was growing fast, particularly for the under fives. This was probably due in part to the many mothers who had jobs and shortages of state schools.

The rise in enrolement was wholly made up of day pupils. The number of full-time boarders fell by 2.2 per cent, although the drop was almost compensated for by a 2 per cent rise in the number of weekday boarders.

The average fee increase over the past year was about 11 per cent. For older children, full-term boarding fees ranged from about £1,400 to £1,900 a term and day fees from £650 to £1,100 depending on the school's reputation and facilities. Typical fees for younger pupils were about £850 a term for day attendance and £1,450 for boarding.

Company Notices

Legal Notices

Art Galleries

Residential Property

Personal

Clubs

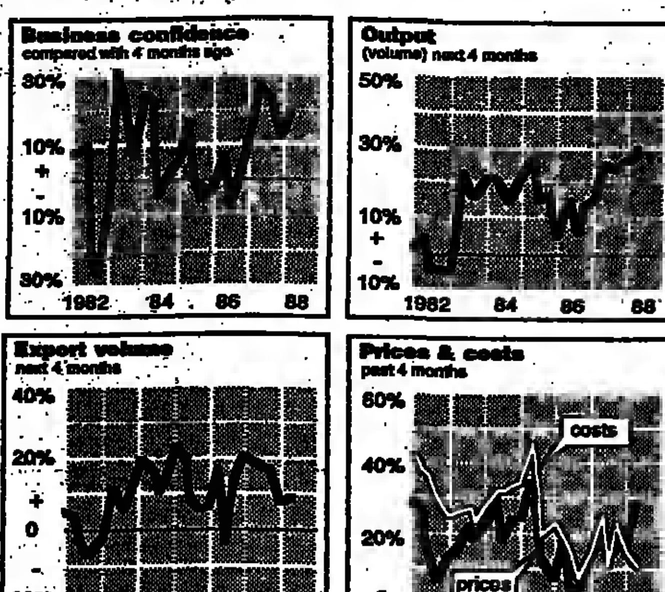
Pound dampens industry's upbeat view of economy

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE Confederation of British Industry yesterday delivered an upbeat assessment of the performance of Britain's manufacturing industry, but warned that sterling's appreciation would threaten export prospects.

The CBI's latest quarterly Industrial Trends Survey indicates that manufacturing output is still rising strongly, with companies confident of further gains in coming months. The pound's rise has yet to have a significant impact on overseas sales, while industry is still benefitting from buoyant domestic demand in the economy.

During the past four months output and orders appear to have risen faster than at any time since the mid-1970s, while the general mood of confidence is reflected in signs that investment spending will increase strongly during 1988.



Exporters' optimism, however, has been dented by sterling's appreciation and the CBI said the pound was now at the "very top" of any range acceptable to industry. The employers' organisation believes that, for the time being, many companies are accepting a significant erosion of profit margins on overseas sales, but that that process cannot go on indefinitely.

The survey appears to cast doubt on the accuracy of official figures showing a sharp fall in manufacturing output during February, although the CBI said it expected the pace of growth to moderate in coming months.

It also puts a further question mark over official trade statistics for January and February, which suggest a slump in exports during those months. The figures for March are due on Friday and will be watched closely by financial markets.

Less encouragingly, yesterday's survey suggests a pick-up in the pace of price increases and points to a tightening in capacity utilisation. The CBI sought to dismiss any suggestion that capacity constraints might signal that the economy was close to overheating, but fewer companies are working below their capacity than at any time for 30 years.

Overall, the survey is likely to add to uncertainties over the timing of an expected slowdown in the growth rate of the economy this year. So far, the signs are that the pace of expansion has remained more buoyant than expected by the Treasury or by most independent economists, although the CBI said that more recent discussions with its member companies did point to a more moderate growth rate in coming months.

Aviation body to study air congestion

By Michael Donne

THE Civil Aviation Authority, the UK air transport regulatory agency, has launched a study of ways to cope with the expected continued growth of air travel into the next century.

The study could leave the Government having to make difficult reappraisals of some existing aviation policies as a matter of national priority, Mr Christopher Tugendhat, chairman of the CAA, told the House of Commons transport committee yesterday.

The committee is studying air traffic management after recent public concern about near misses in the air. The CAA's evidence, a 102-page memorandum, stresses that aviation safety is improving, even though traffic is increasing. According to the CAA, last year there were 56 air-misses in commercial air transport against 61 in 1986.

The CAA says, however, that it will study ways of easing problems of limited airspace. Possibilities include easing some environmental restrictions, such as those on night jet flights, the use of bigger aircraft and making discriminatory charges against some types of air traffic.

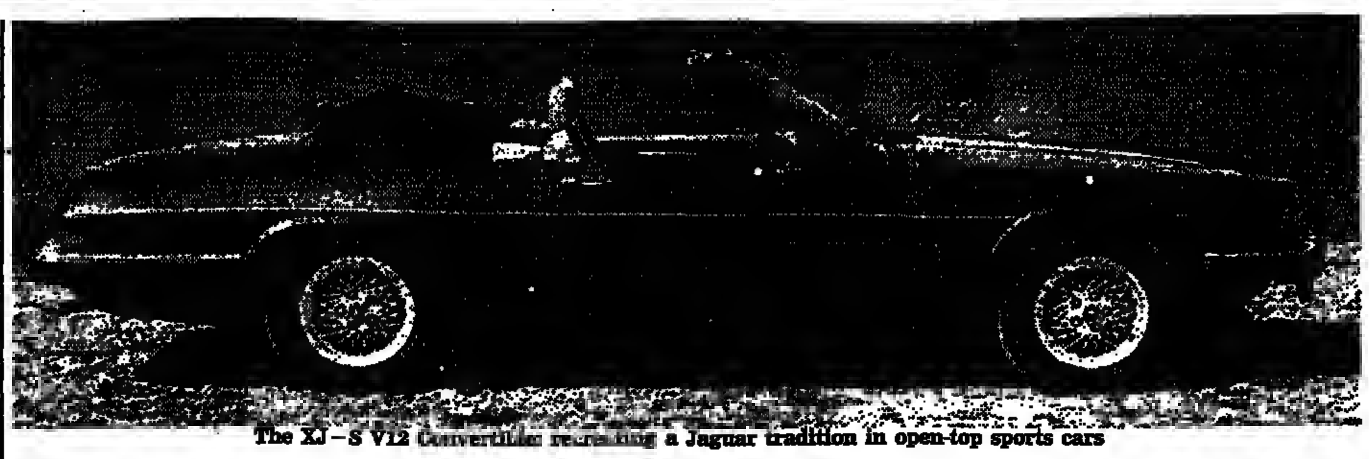
It also suggests considering reserving larger areas of airspace exclusively for commercial air transport and restricting airports to specific types of traffic rather than allowing them all to become big hubs serving all destinations as at present.

The CAA should make recommendations to the Department of Transport by the end of summer.

It recognises such radical solutions lie outside the CAA's statutory power and that the Government will thus be obliged to act.

The CAA says that it will be spending £200m from now until the early 1990s on improving the air traffic control system.

Aviation fears, Page 12



The XJ – S V12 Convertible: recreating a Jaguar tradition in open-top sports cars

Jaguar on wind-blown road to exclusivity

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

JAGUAR, the UK luxury car maker, returns today to one of the most exclusive niches of the world car market with the launch of its XJ-S V12 Convertible, one of the world's fastest open-topped cars, and the first convertible the company has made since the E-Type ceased production in 1974.

It is the second new car Jaguar has launched since its privatisation from the state-owned BL group in 1984 and follows the long-awaited arrival of the XJ6 saloon, the group's most important car, in October 1986.

The XJ-S convertible, developed from Jaguar's 13-year-old XJ-S grand tourer coupé, recreates a Jaguar tradition in open cars, which started with the SS100 in 1936 and was continued with the XK series of convertibles in the 1940s and 1950s and finally the E-type roadster.

As part of its ambitious recovery plans Jaguar, is also working on the development of a new model range, a genuine sports car codenamed the XJ41 or F-type, but that is not scheduled for launch until 1992-93.

The XJ-S V12 Convertible with its 5.3 litre engine and a claimed top speed of 150 mph (241 km/h) – acceleration is 0-60 mph in 7.9 seconds – is to be priced in the UK at £36,000, pushing Jaguar to a new price level in the luxury car sector.

The car has been very much tailored to the tastes of US luxury car buyers, by far Jaguar's most important market, accounting last year for 49.2 per cent of Jaguar's total new registrations worldwide of 46,612 cars.

More than half this year's forecast sales of around 4,000 XJ-S Convertibles is planned for the US – the launch will be in June – with more than 80 per cent destined for export markets.

Jaguar expects sales of the new car significantly to exceed 5,000 units next year, helping to expand the market for the XJ-S range to a record 12,000 cars, from less than 1,000 in 1980.

As Jaguar ambitiously increases its output from 48,020 last year to a planned 56,000 cars in 1988 and more than 60,000 next year, sales of the new convertible are expected to rise to more than 7,000 a year, with the US eventually accounting for 55 per cent of worldwide sales and the other key markets of the UK, Canada, West Germany, Japan and Australia accounting for a further 35 per cent. Jaguar hopes to sell 600 convertibles in the UK this year rising to 1,000 in 1989.

Although it is working hard to develop its markets in West Europe and the Far East, the group has little choice but to rely heavily for sales of the new convertible on the US, which last year accounted for around 70,000 of the 100,000 luxury sports cars sold around the world.

GM's Corvette and the currently struggling Porsche 944 and 911 ranges accounted together for over 60 per cent of US sales. By comparison the most significant luxury sports car markets around the world after the US are West Germany and the UK, with 1987 sales of 12,000 and 7,000 respectively.

In the world of luxury convertibles, Jaguar's main rivals for the new car are the Mercedes SL and Porsche 911 Cabriolet as well as GM's Cadillac Allante and Corvette convertibles in the US. Last year Daimler-Benz of West Germany produced 19,500 SLs of which around 12,000 were sold in the US.

The XJ-S convertible has been under development for around three years and marks the first time that Jaguar has used a multi-disciplined project team to develop a new car with team members drawn from most functions in the group including engineering design and development, quality, purchasing, manufacturing, finance, and sales and marketing. The concept is now being used on other Jaguar projects.

Jaguar has drawn heavily on the expertise of Karmann, the West German design and engineering group, which has designed the power operated hood, as well as new press and assembly tooling including an automated guided vehicle system for the Castle Bromwich body assembly plant. Karmann also built the fully engineered prototypes.

Jaguar has invested around £25m in the complete development programme, which has involved changing or modifying around a third or 156 of the original XJ-S body panels.

Led by its market research, Jaguar says it has sought to build the new car's image around "glamour, performance, prestige, exclusivity and classic elegance."

Not surprisingly, the likely customers around the world will be affluent - in the UK probably over 35 years old and a starting salary in excess of £35,000-£40,000 a year. But according to Jaguar, they will also be "ambitious, successful entrepreneurs and professionals, international in outlook and cosmopolitan in taste."

With the new F-type sports car currently under development, Jaguar is seeking to expand its appeal to slightly younger customers. "What we have to do when we expand the range is to look for a car that appeals more to the baby boomers, the 40 plus rather than the 50 minus," says Mr Roger Putnam, sales and marketing director, "there is room, especially in the US, for a more sporty car echoing the E-type and the XK series."

P&O dismisses 720 seamen as ferries prepare to break strike

BY CHARLES LEADBEATER IN DOVER AND JIMMY BURNS IN ROTTERDAM

DISMISSAL notices were delivered yesterday to 720 Dover members of the National Union of Seamen who are still in dispute with P&O European Ferries over its plan for revised working practices and redundancies.

P&O said it was confident that two of its 11 ferries would today put to sea from Rotterdam to break the three-month Dover strike.

The sailings seem likely to coincide with a High Court hearing in London, which threatens to break the union.

The NUS will learn whether it is to be fined or sequestrated for contempt of court, after a 300-strong picket at Dover's Eastern docks yesterday prevented two Sealink British Ferries ships from sailing.

Sam McCluskey, seamen's leader, directs the Dover pickets

The company yesterday won a court order that the union was in contempt of an earlier injunction, which was issued over unlawful secondary action against Sealink ferries. The sailings were cancelled after pickets persuaded a handful of Sealink crew not to go on board.

The picket had begun at 6am in good humour, with a police superintendent greeting the line, on the docks slipproad, with a warm "good morning gentlemen."

But mixed with the good humour was apprehension about what lay ahead. "If they get a ship going it might stay firm, it might crumble - we just do not know," admitted one picket, whose only income during the strike has been £50 from the union and £33 in social security. Others talked about drawing £2,000 from savings and of lengthy talks with their building societies about unpaid mortgages.

At 8.20am women who were attempting to persuade drivers not to enter the docks, noticed a P&O lorry approaching. The pickets were called from the pavements and flowed through the police lines where they formed a block in the middle of the road.

As police began to shepherd the pickets to the side of the road, a German lorry driver decided to forge through at speed, sending police, cameramen and pickets flying.

There were scuffles and heated arguments as the P&O lorry finally edged its way forwards and broke through. Not all pickets involved were seamen, as one picket admitted: "They have just pulled out a load of Kent miners."

But it seems the union's show of strength, which it plans to repeat this morning, strengthened by a throng of seamen from around the country, had little impact on the company's planning.

Harbour authority officials at the Wilten Feyenoord docks said last night that they had been told privately that the company was planning to put the Pride of Bruges and the Pride of Kent to sea today. This followed the arrival of 30 more officers and ratings from the UK. A third ferry may follow by the end of the week.

P & O said they had rostered Dover-based seamen to replace the crews once they arrive at the port. The company said 1,100 of the 2,200 seamen involved in the dispute had accepted the its revised working practices. After contacting the men yesterday it was confident most would be prepared to cross picket lines to resume work.

Insurer issues no payout policy for AIDS deaths

By Eric Short

LEADING UK composite insurance group Commercial Union Assurance Company yesterday announced the creation of a new type of a life assurance protection contract that excludes payment if death occurs directly or indirectly from AIDS (Acquired Immune Deficiency Syndrome).

This is the first time a life company has issued a contract excluding payment of claim on death arising from a specific cause, other than suicide.

The move has caused a certain amount of consternation in the UK life assurance industry, in particular the reinsurance companies.

The impact of AIDS is resulting in life companies making substantial increases in the cost of life protection, with term assurance premiums often more than double those companies which have already announced new rates.

Mr Peter Ward, deputy general manager and UK divisional director of CU, said that the group had been looking at means of mitigating the impact of AIDS on premium costs and was launching the new policy from the middle of next month to see if there was demand for the product.

At this stage it seems doubtful whether other life companies will follow the CU lead, due to the practical problems of ascertaining the cause of death.

Shakeup proposed for commercial TV

BY RAYMOND SNODDY

THE Independent Broadcasting Authority yesterday unveiled radical proposals for the future of commercial television in the UK, including a yellow and red card system to discipline companies breaking the rules, and backing for a fifth channel financed by advertising.

The IBA proposals, sent to the Government yesterday, also envisaged a new kind of publisher-contractor who would be able to apply for franchises without owning studios or employing programme makers directly.

Lord Thomson, chairman of the IBA, said yesterday that although both ITV companies and advertisers had important and legitimate interests in commercial television "the overriding interest is that of the British viewer."

It was the IBA's duty to safeguard that interest during a period of technological change as new land-based and satellite channels were introduced.

"More need not mean worse. But if it is to mean better it requires conscious decisions by Parliament," Lord Thomson said as he launched Independent Television in the 1990s a policy document that has been under consideration since last autumn.

In a move to try to head off Government plans to put ITV franchises out to competitive tender, the IBA proposed the introduction of a tax on advertising revenue for the new franchises beginning on January 1, 1993, together with the existing levy on profits which would decline as competition increased.

As an alternative, the IBA also put forward its own proposal for a form of tendering involving the valuing of each franchise but with the final judgment made on programme plans.

Apart from the proposals announced yesterday, the Authority is also planning studies on a number of issues

Some members of the authority, it is believed, wanted it to be possible to take over ITV companies, subject to some restraints. This was seen as a possible alternative to cometitive tendering.

Instead the majority decided further consideration should be given to whether the present limits on the size of shareholding in ITV companies – usually 10 per cent without special dispensation – should continue and whether the takeover of ITV contracts should be allowed.

Research and public consultation on the regional boundaries of the ITV companies will be carried out in 1989 but Lord Thomson expressed faith in the existing regional system.

"On the whole, the information we have at the moment indicates that the advertising revenue is likely to be buoyant enough to maintain a very strong regional system if not identical with the present one," said Lord Thomson who is due to retire as IBA chairman at the end of this year.

RAND MINES PROPERTIES LIMITED

RMP — RAND MINES

(Incorporated in the Republic of South Africa)
Registration number 69/01239/06

Interim report for the six months ended 31 March 1988

The unaudited consolidated results of Rand Mines Properties Limited ("RMP") and its subsidiaries for the six months ended 31 March 1988 are set out below:

INCOME STATEMENT

	Six months ended 31 March 1988 R000	Six months ended 31 March 1987 R000	Year ended 30 Sept 1987 R000
Turnover	50 925	46 821	104 657
Operating profit/(loss):			
– Property	(1 935)	5 434	5 853
– Sand treatment	13 190	8 576	21 350
	11 255	14 010	27 203
Interest received	244	261	376
	11 499	14 271	27 579
Interest paid	53	70	88
Profit before taxation	11 446	14 201	27 491
Taxation (note 2)	2 712	4 413	8 162
Profit after taxation	8 734	9 788	19 329
Shares in issue (000's)	12 403	12 403	12 403
Earnings per share (cents)	70	79	156
Dividends per share (cents)	30	17	80
Not included in profit after taxation:			
– Surplus on disposal of investment property (note 3)(R000)	1 234	1 672	1 672

BALANCE SHEET

	31 March 1988 R000	30 Sept 1987 R000
Source of capital		
Share capital and reserves	139 242	133 020
Long-term liability	445	479
Deferred taxation (note 2)	14 479	12 508
	154 162	146 007
Employment of capital		
Fixed assets	140 342	131 610
Property development, townships and mine residues	30 826	31 886
Current assets	9 095	12 529
Stocks and stores	3 993	4 720
Debtors	2 918	4 606
Cash and gold on consignment	2 184	3 203
Total assets	180 263	176 974
Current liabilities	26 101	29 967
Interest bearing	34	34
Other	26 067	29 933
	154 162	146 007
Salient features		
Net asset value per share (cents)	1 123	1 072
Liabilities to equity	0.19	0.23
Current ratio	0.35	0.42

NOTES:

1. Review of results

Sand treatment	Six months ended 31 March 1988	Six months ended 31 March 1987	Six months ended 30 Sept 1987	Year ended 30 Sept 1987
Operating results				
Sand and slime treated (000 tons)	2 838	2 687	3 691	6 378
Gold produced (kg)	1 316	1 158	1 656	2 614
Yield (grams per ton)	0.46	0.43	0.45	0.44
Revenue (rand per ton treated)	14.46	12.38	13.62	13.10
Cost (rand per ton treated)	9.86	8.16	9.04	8.67
Working profit (rand per ton treated)	4.60	4.22	4.58	4.43
Gold price received (rand per kg)	30 816	26 334	30 132	29 388
	R000	R000	R000	R000
Revenue	55 540	33 253	50 268	83 521
Costs	37 855	21 928	33 363	55 291
Working profit	17 685	11 325	16 905	28 230
Amortisation	4 495	2 749	4 131	6 880
Operating profit	13 190	8 576	12 774	21 350

Full scale operations at the City Deep plant were commenced on 1 May 1987 and direct comparison of the results for the respective six monthly periods can accordingly not be made.

Gold hedging
The proceeds from hedging transactions completed during the half year form part of the revenue derived from the sale of gold. At the end of the half year the company had sold gold in terms of its hedging operations as detailed below:

Period	Kilograms of gold sold	Average minimum realisable value per kilogram sold
April 1988 to September 1988	118	R31 100

Property
Gross revenue from township land sales for the six months to 31 March 1988 totalled R1.8 million (31 March 1987: R10.1 million).

There has been a slight increase in the level of enquiries for industrial and commercial land. A number of sales are presently under negotiation but will be subject to the fulfilment of suspensive conditions. Provided these conditions are met these sales will be taken to account during the second half of the current financial year.

2. Taxation
As stated in the 1987 Annual Report the group has changed from the comprehensive to the partial method of providing for deferred taxation. The above results were computed on the latter basis with the comparative figures having been restated. Had the comprehensive basis still been applied the results would have been:

	Six months ended 31 March 1988 R000	Six months ended 31 March 1987 R000	Year ended 30 Sept 1987 R000
Profit before taxation	11 446	14 201	27 491
Taxation	2 785	4 478	8 217
Profit after taxation	8 661	9 723	19 274
Earnings per share (cents)	70	78	155

The effect of this change in the accounting policy has been to reduce the deferred tax provision by R73 000 at 31 March 1988 and by R55 000 at 30 September 1987.

The deferred tax balance reflected in the balance sheet includes an amount of R733 000 (30 September 1987: R733 000), which is the excess of the balance as reported at 30 September 1986 over the liability as calculated under the partial method at that date.

3. Disposal of investment property
The surplus arising from the disposal of an investment property stands 776 and 777, in Kerk Street, central Johannesburg has been transferred to non-distributable reserves.

4. Pilgrim's Rest sand treatment plant
Construction of the sand treatment plant at Pilgrim's Rest, in which the company has a 50% interest, is nearing completion within the budgeted cost of R18.3 million. Initial commissioning commenced during March 1988 and the plant is expected to reach its designed throughput capacity of 20 000 tons per month during June 1988.

5. Prospects for the year
It is estimated that the group profit after taxation for the year will be approximately of the same order as that achieved last year. This estimate assumes an average gold price, in rand terms, of R31 500 per kilogram for the remainder of the year, and additional township land sales of R17.5 million, presently under negotiation. As stated under the property review in note 1, these sales are subject to the fulfilment of suspensive conditions.

6. Capital expenditure and commitments

	31 March 1988 R000	30 Sept 1987 R000
Capital expenditure incurred		
– Crown Mines and City Deep plants	2 257	27 008
– Pilgrim's Rest plant	9 658	5 724
– Investment buildings and other assets	648	3 591
	13 563	36 323
Capital commitments		
– Contracted commitments	2 783	6 884
– Approved, not contracted	854	1 109
	3 637	6 993

Capital commitments relate mainly to the cost of additions to the Crown Mines and City Deep sand treatment plants and the settlement of amounts due in respect of the gold recovery plant at Pilgrim's Rest.

7. Interim dividend
An interim dividend of 30 cents (1987: 17 cents) per share has been declared in terms of the accompanying dividend notice.

It has been decided to reduce the disparity between the amount of the interim dividend and the final dividend, and the interim dividend has accordingly been increased to 30 cents (1987: 17 cents) per share. This interim dividend has been declared in the belief that the total dividend for the year could be of the order of 80 cents (1987: 80 cents) per share.

For and on behalf of the board
D. T. WATT
J. R. FORBES — Directors
A. B. HALL

Johannesburg
26 April 1988

Declaration of Dividend No. 24

Notice is hereby given that dividend number 24 of 30 cents per share has been declared in South African currency as an interim dividend in respect of the year ending 30 September 1988 payable to members registered at the close of business on 20 May 1988.

The register of members of the company will be closed from 21 May 1988 to 29 May 1988, inclusive. Dividend warrants will be posted on or about 24 June 1988.

The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom registrars, transfer and paying agents will be the telegraphic rate of exchange between Johannesburg and London ruling on the first business day after 21 May 1988 on which foreign currency dealings are transacted.

Where applicable, non-resident shareholders' tax of 15% will be deducted from the dividend.

For and on behalf of the board
S. MIA
Secretary

Johannesburg
26 April 1988

Registered office
5 Press Avenue, Crown Mines, 2092 – South Africa
(P.O. Box 27, Crown Mines, 2025 – South Africa)

Transfer secretaries
Rand Registrars Limited
Corner Northern Parkway and Handel Road
Ormonde, Johannesburg, 2091 – South Africa
(P.O. Box 52042, Southdale, 2135 – South Africa)

Secretaries in the United Kingdom
Charter Consolidated Services Limited
40 Holborn Viaduct, London EC1P 1AJ

United Kingdom registrars and transfer agents
Hill Samuel Registrars Limited
6 Greencoat Place, London SW1P 1PL

Member of the Barlow Rand Group

Tokyo Pacific Holdings N.V.

Curaçao, Netherlands Antilles

Annual General Meeting of Shareholders

Notice is hereby given that the Annual General Meeting of Shareholders of Tokyo Pacific Holdings N.V. has been called by the Manager, Intimis Management Company N.V. The Meeting will take place at John B. Gorsiraweg 6, Willemstad, Curaçao, Netherlands Antilles on 19th May, 1988 at 10.30 a.m.

The agenda and the annual report 1987 may be obtained from the offices of the Company at John B. Gorsiraweg 6, Willemstad, Curaçao *or from the Paying Agents mentioned hereunder. Shareholders will* be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained on or before 13th May, 1988 from any of the paying agents.

Willemstad, Curaçao, 27th April, 1988
Intimis Management Company N.V.

Paying Agents

Pierson, Heldring & Pierson N.V.
Herengracht 214,
1016 BS Amsterdam

l'Européenne de Banque
21 Rue Laffitte, Paris 9

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Tokyo Pacific Holdings (Seaboard) N.V.

Curaçao, Netherlands Antilles

Annual General Meeting of Shareholders

Notice is hereby given that the Annual General Meeting of Shareholders of Tokyo Pacific Holdings (Seaboard) N.V. has been called by *the Manager, Intimis Management Company N.V. The Meeting will* take place at John B Gorsiraweg 6, Willemstad, Curaçao, Netherlands Antilles on 18th May, 1988 at 10.00 a.m.

The agenda and the annual report 1987 may be obtained from the offices of the Company at John B. Gorsiraweg 6, Willemstad, Curaçao *or from the Paying Agents mentioned hereunder. Shareholders will* be admitted to the meeting on presentation of their certificates or of vouchers, which may be obtained on or before 13th May, 1988 from any of the paying agents.

Willemstad, Curaçao, 27th April, 1988
Intimis Management Company N.V.

Paying Agents

Pierson, Heldring & Pierson N.V.
Herengracht 214,
1016 BS Amsterdam

Banque Paribas
3 Rue d'Antin, Paris 2

Banque Paribas Belgique S.A.
Boulevard Emile Jacqmain 162
B 1000 Bruxelles

National Westminster Bank PLC
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20 Old Broad Street
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UK NEWS

Michael Donne assesses fears over air traffic growth

Aviation worries land on Whitehall

THE GOVERNMENT'S approach to the problems of civil aviation must be revised as a matter of national priority, the Civil Aviation Authority, the industry's supervisory body, believes.

This warning arises out of growing concern about the rapid growth of air traffic over the UK – and especially over London and the south-east of England.

The CAA has launched a study into the future handling of civil aviation in the UK and plans to send this to the Government later this year.

It used the opportunity of its evidence yesterday to a House of Commons transport committee to make clear that the problems of congested skies could not be solved simply by investment and improved technology in air traffic control. What was neded was a fundamental Government reappraisal of policy.

In an extensive study submitted to the committee yesterday, the CAA makes it clear that some of the statutory controls imposed upon it are retarding efforts to keep pace with the traffic growth; that current environmental restrictions are also hampering the development of civil aviation; and that unless policy changes are made, the growth of UK civil air transport could well come to a standstill in the years ahead.

Mr Christopher Tugendhat, chairman of the CAA, said yesterday: "The sky is not an infinite resource, and we need to look at how we are going to handle our use of it in the years ahead."

The CAA says that "only a limited traffic increase above current levels can be handled within the present system," while maintaining the desirable standards of safety.

Much is being done to improve the technical capabilities of the air traffic control system, with some £600m of new investment planned between now and the mid-1990s, and with efforts to improve the pay and working conditions of controllers.

But the CAA also says that much more can be done by adopting what many may see as radical measures. These include easing environmental restrictions, making more use of larger aircraft, by possible use of discriminatory charges for different types of air traffic, by restricting certain types of operations (such as domestic flights) to certain airports, and by restricting airspace to other forms of aviation.

While not itself recommending these solutions – indeed it is opposed to some of them – the CAA emphasises that such unpalatable decisions may have to be taken by the Government if the anticipated future air traffic growth is to accommodated.

It said that more than 3m aircraft movements were handled throughout the UK last year. Even an average annual rise of 3 to 4 per cent would result in intolerable pressures on the air traffic control system by the mid-1990s.

"Unless action is taken, delays will tend to increase, with flow management (restricting the number of flights) being required to smooth the demand to within the capacity of the system.

"However, at some point the frequency and magnitude of delays could start to disrupt the operational cycles of airline services, especially charter operations, leading to flight cancellations and producing passenger resentment and cost penalties to the airlines."

The CAA says it does not have the power to take the measures needed to prevent this situation. "All in some degree require a reappraisal of national objectives and priorities. Some of them, at least, require a modification of the duties placed on the CAA and by statute, and of the directions which the Government has given to it."

One possible way of easing peak loading on the ATC system is by spreading traffic further into the night hours, by easing the current restrictions on night flights.

This would require a reappraisal of the priorities laid down by the Government, but the CAA is in favour of easing the restrictions for the modern quieter types of jets.

Another possible solution would be to insist on airlines using bigger aircraft. This is already done by some operators, especially at Gatwick, south of London, but the passengers themselves often want higher frequencies with smaller aircraft rather than fewer flights with bigger aircraft.

To enforce changes would cut across the Government's present policies of favouring increasing competition. This in turn means that those policies would require reappraisal.

Yet another possible solution is what is called "sectorisation" of airports – directing certain types of traffic to specific airports.

Overseas airlines might well object to such a system being introduced. As a result, the CAA itself does not favour "sectorisation" but recognises that some day it may have to come.

Another possibility to be studied is restricting the use of UK airspace by non-airline traffic. "If absolute priority were to be given on this basis to the operation of commercial air transport services, this would mean displacing or suppressing present and future demand by such other airspace users as air taxi operators, company aircraft, private fliers, balloonists, parachute clubs and pilot training – some at least of which involve substantial investments.

The CAA says that it cannot apply this solution without a clear direction from the Secretaries of State for Transport and Defence, whose present directions require the authority in effect to cater for the interests of all airspace users.

The CAA also says that pricing could be used as a means of restricting air traffic, but it is cautious in suggesting it.

"It would in particular be difficult to construct a charging scheme that was an effective discriminator between one airspace user and another, given the UK's international obligations not to discriminate," it says.

Here again it would be necessary for the Government to determine the relevant priorities to attach to particular airspace users.

The CAA says the UK's problems are not unique. "Similar problems are making themselves felt, in some cases acutely, in other parts of the world and, there too, some difficult reappraisals and some painful decisions will be needed".

It points out that whatever the UK may have to do to cope with rising air traffic will also be substantially dependent on what other countries on the Continent do.

"There is no doubt that many of the issues to be resolved in the coming years are European in their scope and will only have European solutions through Eurocontrol and other supranational organisations."

Air Traffic Management in the UK; CAP 537; Civil Aviation Authority, London, £4.

Congested airport check-ins: more flights, more passengers

ADVERTISEMENT

50th ANNIVERSARY

Canon

The past 50 years have seen Canon's innovation and quality make it one of the fastest growing companies in the world. In its anniversary year, the emphasis is on progress towards becoming a global corporation in a new phase of internationalisation. ROBERT HELLER assesses Canon's past, present and future.

Canon's integrated Research Centre in Japan, where work is carried out to improve existing technologies and pioneer completely new ones.

Soaring success of innovation

THE history of Canon can serve as a one-company demonstration of how Japan took its long march to the forefront of the world economy. In many respects, the company, like Japanese industry in general, is a post-war phenomenon, a technology-led business which has advanced far beyond its original core in cameras, not only into other related products (optical equipment), but into pacesetting diversification in quintessentially modern industries – in Canon's case, business machines. In its multinationalism, its pursuit of unique technologies and its global branding, Canon is a prime example of the national thrust into world markets.

But its history, again like that of Japan's manufacturing success generally, has industrial roots that far antedate the national economic miracle. The story began many decades before Japanese manufacturers were taken seriously by Western rivals. Rivalry, however, was its start, in the typically optimistic belief of some young Japanese enthusiasts that they could actually produce a 35mm camera that would stand comparison with the fabled Leica. That was in 1933. Two years later, they had proved their point, and two years after that the Precision Optical Industry Co. Ltd., and with it the official history of Canon, got under way.

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Today, not only is Canon the world's leading camera manufacturer, but the driving force of matching and, if possible, excelling the best of the competition has never waned. Not that Canon's progress (or Japan's) has been a continuous, triumphant advance. The stunning successes of the 1950s and 1960s, when Canon branched out overseas, moved into cinematography and television, and cracked xerography's hold on the copier market, outgrew the company's management capacities. The resulting crisis, in which Canon actually failed to pay a dividend for one half-year is still regarded internally with some horror thirteen years later: but in retrospect it marked a second birth for the company.

Under a new president, Ryuzaburo Kaku, Canon recreated its management systems, replacing those which had let it down; still more important, it found a new corporate aim – to become "a premier Japanese company".

Kaku had no doubt, either, about which roads to take to that destination. As a young manager, he had noticed how, whenever Canon introduced a new product, profits surged forward. Whenever innovation lagged, on the other hand, so did earnings. Since 1976 (when the "Premier Company Plan" started), the spate of new products has been unending – in cameras, videos, copiers, micrographics, laser beam printers (one of Canon's latest market leaders), facsimile, electronic typewriters, semiconductor production equipment, medical equipment and much else besides.

The Plan hinged virtually on sustaining a flow of research and development into these new products, through the manufacturing plants, and then out into the marketplace. Kaku therefore set up three "conceptual pillars", separate but interlinked systems, running horizontally across the company and known as CDS, CPS and CMS – for Canon Development, Production and Marketing. CDS is charged with research and creation of new products and technology, CPS with achieving optimum quality and rationalisation in all facilities, and CMS with operating "a scientific and systematic marketing plan to provide personalised service to every Canon customer".

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The three pillars support three product groups; cameras, business machines and optical products, each consisting of specialised divisions (like video products, business systems, or broadcast equipment) and each operating as an independent vertical profit centre. Canon, which constantly revises its internal structure, prides itself on this "unique" matrix organisation, which has certainly served well in its advance through the objective of "premier Japanese company" to the next ambition of premier "global corporation".

By the standards of today's global giants, Canon is not especially large, although 1987 sales of 976,000 million yen (£4,250 million) are impressive enough, especially when compared to the 195,000 million yen of 1977: over the first decade of the Plan, profits grew 22 times, and sales eightfold. This surging expansion has been accompanied (and spurred) by an equally powerful build-up in Canon's technological armoury; this has a dual role to play in a new era in which no one corporation can hope to develop all needed technologies itself – even one spending as much as Canon – around £250 million in 1987.

Instead, Canon will exchange its unique technologies with those of other companies as it pursues its global ambitions. Nor is this the only way in which Canon is embarking on far-reaching change as it adjusts to fundamental economic developments. Well before the yen entered the steepest arc of its upward curve, Canon had seen the necessity of moving manufacture into its markets. The new phase of "internationalisation" as Kaku calls it, was initially prompted by the trade imbalance (and trade friction) between Japan and the chief countries where Canon sells. The company had in fact opened its first factory in West Germany, to make copiers, three years before the Premier Company Plan got under way – the plant, at Giessen, was the second overseas factory, following the 1971 establishment of a camera facility in Taiwan.

A year after Giessen, in 1974, a Californian plant opened to make copier consumables and other products. Nine years later Canon set up a French operation which now makes copiers, electronic typewriters and facsimile transceivers, while another American operation, in Virginia, produces copiers. With manufacturing joint ventures in the Republic of Korea and in Italy (partnered by Olivetti), and licensed plants in India and China, Canon has advanced quite briskly towards becoming truly global – and the intention is to take the global process further by establishing R & D centres in its markets as its national companies develop into free-standing businesses within the global corporation.

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The policy doesn't sound dissimilar to that followed by the American corporations when they first branched out across Western Europe and the Pacific in the post-war period. They too saw the need for local manufacture, sometimes backed by local R & D. Canon's ambition in becoming a "global corporation" is to rank among the US-based giants (and the few Japanese groups which have joined them). But there is a big difference between Canon's situation (not to mention its philosophy) and that of the post-war creators of "the American Challenge". Canon begins from a position of having a vastly greater proportion of its business overseas – under a quarter of its sales are made in Japan, less than in either North America or Western Europe.

From this far more multinational complexion, Canon aims to create something going well beyond its models. Kaku has devised a programme called CIF, or Canon Into the Future, "to encourage all our employees to think about future potentials and possibilities. . . . and launch (Canon) into the 21st Century". The corporate strategy will focus "on Canon's transformation into a global corporation" and "is aimed at making the Company a permanent and integral part of its worldwide host communities and contributing to the prosperity of all nations through the provision of meaningful employment, reinvestment of profits, and support of human welfare activities".

While Canon is by no means oblivious to the public relations value of these expressions of aim (or by supporting community sports like English soccer), it would be a great mistake to suppose that it doesn't mean what it says – or that it won't do as it says. Its whole history, from that moment in 1933 when those young men decided to outdo the Leica, has been one of naming objectives and proceeding to meet them. The first 35mm camera was an extraordinary achievement for people who had neither experience of the industry nor any technical guidance. It sowed the seed for Canon's later habit of setting itself stretching technological targets.

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It hasn't always been first, even in its base territory of photography; in auto-focus compact cameras and again in autofocus single lens reflex cameras, other companies led the market. In both cases, Canon eventually established what has become its seemingly inevitable leadership – though its EOS autofocus camera had to incorporate significant advances in technology to recapture that lead in SLRs. But defeat in cameras would no doubt be unthinkable to Canon's management, even though this division now accounts for only a fifth of sales. Three-quarters of today's sales are in office automation, an area where Canon is investing heavily to achieve leadership in both stand-alone machines and the systems which will combine them in the office – and the home – of the future.

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Equipment like the Color Laser Copier, which in 10 months of 1987 outsold the entire Japanese sales total for the previous eight years, is remarkable enough; but the still faster models of 1988 use an original Canon technology, the bubble-jet system, to achieve standards of reproduction that were once thought impossible. This swift progression illustrates the overall strategy, which, true to Kaku's original perception of the nexus between innovation and profit, is to use the company's broad range of available technologies to devise a constant flow of new products and upgradings in order to satisfy market needs.

Canon is highly sensitive to the latter; its Personal Copier, for example, embodied some revolutionary technological ideas, but sprang from the American marketing company's glimpse of a gap in the market. The new technologies on which Canon is currently working thus give an insight into its view of where future markets lie – and, if Canon is right, they will be far more exciting even than today's revolutionary changes in business automation.

The work includes artificial intelligence, or AI – the simulation of human thought by electronics; expert systems utilising a database to simulate human decision-making in specific fields; superconductivity, the rapidly emerging technology which could have enormous consequences in electronics and electric power generation: and many advanced materials and processes which may well have dramatic effects on future products reaching the marketplace.

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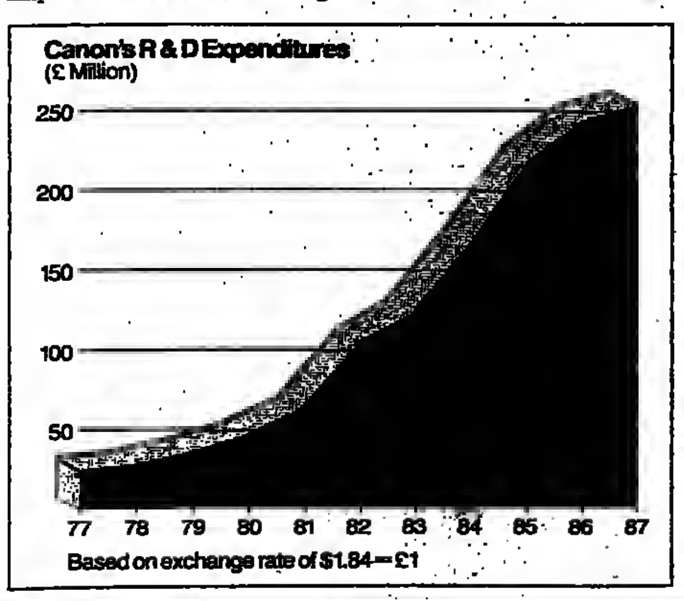
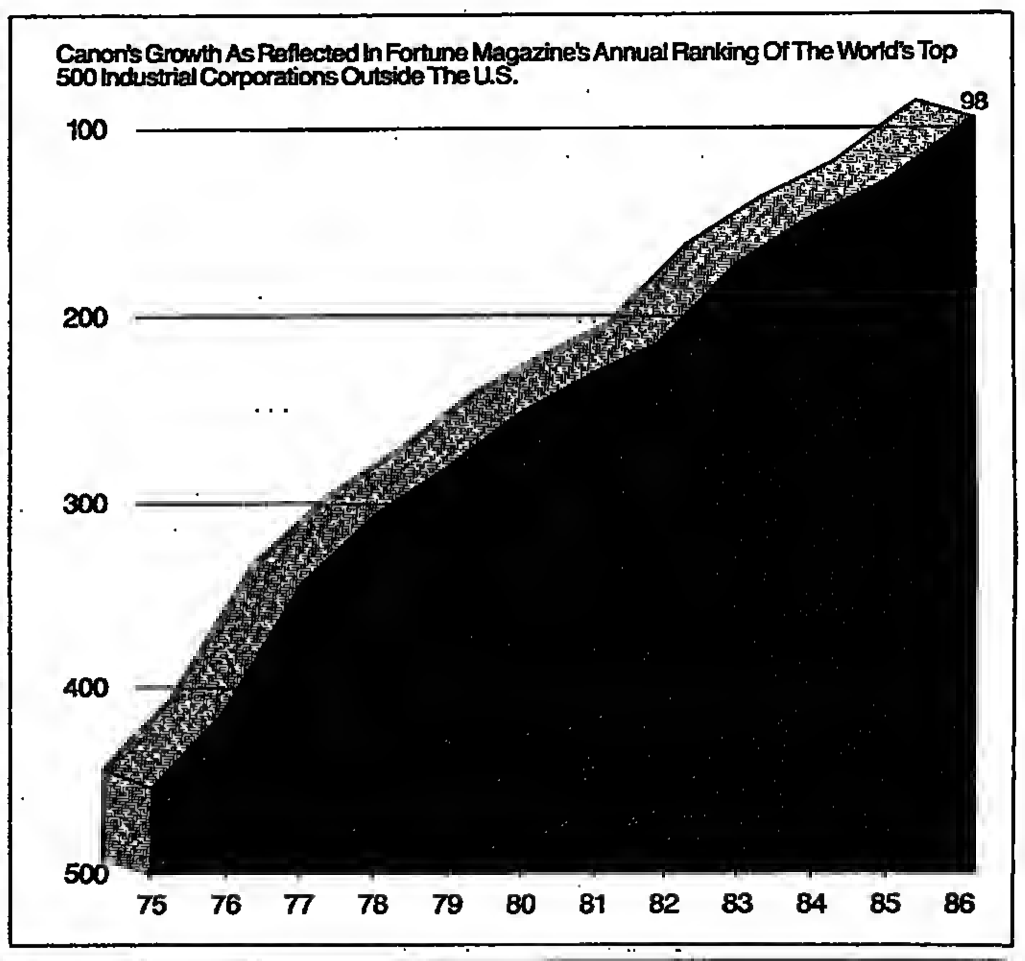
Some have already arrived: the X23 calculator for example, which responds to numerals written anywhere on its panel, is a forerunner of what AI will supply to some future generation of business machines. Hardware has thus been joined by software as "a major focus of product development", which will be used to "weave" its business machines and technologies "into new, integrated systems that meet total customer needs".

This emphasis on "needs" is an essential element in a four-part "Canon Creed" which goes beyond "profits" to the concept of a "corporate wealth" that embraces human values as well as money. This humanism also has deep roots: Canon was one of the first companies in pre-war Japan to remove the distinction between blue and white-collar workers.

Its principles are as hard, actual and visible in its management style as the profit motive: or as the technological dedication sowed by those young men whose camera dream has turned into so enduring a reality.

● Robert Heller is Editor-In-Chief of Finance magazine and the author of a number of books on business and management.





Prince Charles opening Europe Expo

HIS Royal Highness The Prince Of Wales today opens Canon Expo Europe '88, a four-day Canon 50th anniversary exhibition for invited guests from all over Europe at London's Queen Elizabeth II Conference Centre in Westminster.

Exhibits include not only a wide range of current products in the consumer, business, medical and industrial areas, but also displays on Canon's advanced research into new technologies such as artificial intelligence and laser fusion. The Expo has previously been staged in Tokyo, New York and Los Angeles.

Prince Charles opens the event as President of the Prince's Trust, and Ryuzaburo Kaku, President of Canon Inc., is to present the charity with a donation and 30 Canon Communicators – compact tape writing machines which provide a simple but effective means of communication for motor-impaired and speech-impaired people.

50th ANNIVERSARY

A valuable ally on the developing Euro scene

Kaku — reaping seeds of change

ELEVEN years ago a small, quietly spoken man took over Canon and started a revolution. He had been sowing seeds of change in the company since joining in the mid-1950s, but in 1977 Ryuzaburo Kaku was offered the chance to become Canon's President and prove his radical theories. He took the challenge and promptly unveiled what he called 'The Premier Company Plan'.

A decade ago Canon was a Japanese company known primarily for its camera products and it was facing adverse trading conditions. Today the company is a global entity with products ranging from 35mm and video cameras to copiers and laser printers to diagnostic medical equipment and microchip-producing mask aligners.

Canon now manufactures, researches, markets and pioneers throughout the world, producing 70 per cent of its revenue outside of Japan.

In the jargon of the West, Kaku has "turned Canon around". He did it by quiet persistence and through a profoundly-held personal vision which will strike many Western managers as unusual.

vities such as writing was postponed so that he could personally see the company through the difficulties.

Policies initiated to combat endaka included promoting sales in the Japanese market, cutting expenses in sales and administration, increasing R & D expenditure to develop high value-added new products and technologies, and capital outlay for overseas production facilities. Kaku became an outspoken critic of current Japanese economic policy and he led his company in a radical solution – he began the transition of Canon from a Japanese-based multinational into a company which belongs to all the countries in which it trades.

Under his direction the company is manufacturing and marketing with local staff to produce profit for local use. His efforts at combatting the problems caused by the re-valued yen are succeeding!

Surprisingly, Kaku has been able to rescue Canon from the difficulties caused by endaka without closing factories in Japan and without laying off Japanese workers. The startling increase in domestic and

PROFILE by Ray Hammond

As a basic tenet, 61 year old Kaku believes that the only acceptable reason for a major corporation to exist is to make a contribution to the society which supports it – in this case the global society. For Kaku, that contribution doesn't stop at providing jobs and high returns for shareholders, it extends out into the community providing goods and services which enhance both life and productivity.

The Canon which Kaku took over was very different in style to the corporation he has built on these foundations. He describes it as being 'sluggish' and 'full of bureaucratic attitudes which drained the organisation of its ability to respond to changes in the operating environment.' What he means is that Canon was in deep trouble and had no answer to competition which was emerging world-wide.

Kaku's plan called for complete restructuring of the company. But first he made clear the basic philosophy he shared with Canon: he wanted to build a company which further upholds human rights and dignity while striving to build better technology and products through innovation.

In a meeting Kaku appears shy and, in typical Japanese style, very anxious that his guest should feel at home. But his dominance within Canon is underlined by his extraordinary grasp of both the global issues and the day-to-day detail of running Canon.

In the last two years Canon has faced a crisis every bit as serious as the one which afflicted the company when he took over. The Japanese government's laissez-faire attitude towards trade surpluses forced the western nations to respond and the enforced upwards re-evaluation of the Yen ('endaka') which resulted from this policy has hit all international Japanese corporations.

In 1986 President Kaku announced that the Premier Company Plan, which was in the final year of the second phase, be carried out as planned but with some major changes. A private plan to hand on the Presidency and assume the Chairmanship to devote more time to other acti-

international trade and the resultant earnings in global currencies occurred following a bold increase in international investment and R & D. This step was courageous at a time when income was slumping and the company was contemplating losses for the first time in a decade.

Kaku's vision of a company which regards its people as a prime resource and which wants to produce goods which benefit mankind has its root in the President's own experience.

Few people know that he is a survivor of Nagasaki and, as a conscripted student working in the shipyards, he was responsible for saving the lives of eight fellow workers in the aftermath of the bombing. As a 19 year-old student Kaku had been studying atomic physics at college before being drafted, and fearing that the strange explosion might be nuclear, he used his knowledge of radiation theory to persuade his co-workers to wait in an underground tunnel after the impact.

They later made their way to a dormitory and stayed there for three days, disregarding an order to go to the scene of the explosion to dig out machinery from a destroyed factory, and thereby avoiding the almost certain fatal affects of fall-out. The scene of hell-like devastation they witnessed on the fourth day had a lasting effect.

Today, Ryuzaburo Kaku is understandably proud of Canon's continuing efforts to produce goods of social as well as commercial value. His attitude is best summed up by his view of Canon's research project to build more efficient solar cells for converting the sun's natural energy into electricity.

"I believe that a company has to contribute to the society in which it operates as well as earn money from it", he told me. "One of the areas of which I am most proud is our research into developing more efficient solar energy cells. They can be used to produce products which truly benefit both society and Canon."

● Ray Hammond is a well-known journalist, author and broadcaster on high technology.

AT 7.15 am every weekday morning, some 400 West Germans living in and around Giessen near Frankfurt start work at one of the largest and most integrated copier plants in Europe.

More than 50% of them have been employed there for between five and ten years, and over 80 supplier companies within Europe provide services and parts for the copiers they manufacture. More than 6700 Europeans are employed directly to market, sell and service those and other machines, and many more are employed indirectly by distributors and dealers throughout Europe who handle the products.

The plant in question is Canon Giessen GmbH, formed to July 1972, and now manufacturing most of the Canon NP range of office copiers sold by the company's subsidiaries and distributors within the European Community.

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It was formed when the assets of an insolvent copier technology company were acquired by Canon Inc., and began producing the company's then revolutionary plain paper copiers in 1973, just one year after they had first been introduced to the world markets.

Says Ryuzaburo Kaku, President of Canon Inc., "When we first began production in Europe .... there were no compelling economic reasons to transfer this original technology. But it is our established policy, in keeping with our basic corporate purposes, to participate to the fullest in the development of the societies which we serve through our products.

"It was in this same spirit that we responded to invitations from the French government to establish a personal copier factory at a development site to the suburbs of Rennes in Brittany."

This second plant in Europe is Canon Bretagne S.A. at Liffre, established in 1983, and now also producing electronic typewriters, cartridges for copiers, facsimile machines, and desktop laser beam printers, with a steadily increasing workforce of about 430 people.

Since Canon established its first subsidiary in Geneva in 1963, the company's investments in Europe have mounted steadily and now exceed £100.8 million. With each successive development of original copier and electronic typewriter technology, it has systematically to-vested in European manufacture of innovative products.

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By 1987, total Canon sales in Europe had reached £1,467.3 million, having risen by 28.3% annually since 1963. An increasing share of sales has been generated by Canon's advanced office automation equipment, fostering efficiency and growth of European business in a broad range of its activities, and rendering it a more competitive force in the world economy.

In 1987, Canon's various European operations generated wealth valued at £272.6 million, virtually all of which remained in the respective countries as a net contribution to their economies. Nearly 56% was paid out to local wages and benefits, and nearly 22% in rents, taxes and local financing charges. Profits were not repatriated, but reinvested.

And as Canon expands its manufacturing and technical activities to Europe, the Community share of the total value added from its original product and processing technology is continually rising.

Accordingly, its employment of European services such as advertising, sales promotions, travel and shipping grows apace. In 1987, Canon's payments for these services amounted to £101.8 million. In addition, more than £16 million was paid to European financial institutions and realtors for their services.

To encourage even broader European participation in, and benefits from, Canon's wealth-creating activities, the parent company offered convertible bonds in Europe as early as 1963, and has listed its shares on the Luxembourg and Frankfurt stock exchanges.

As of December 1987, foreign shareholding in Canon was approximately 11.09%, more than 61.6% of which was held by European investors. A long-term goal for Canon is to develop its subsidiaries into integrated companies in Europe, encompassing a full range of activities from R & D to sales and service support, and then to list their shares on appropriate stock exchanges for the benefit of European investors.

In terms of people, the number employed in Canon's European activities has grown at a compound annual rate of 30.2% and now stands at more than 6,700. In the UK, for example, the number of people employed directly by the British subsidiary company has grown from just a handful in 1976 to over 1400 today.

At Canon Giessen, the size of the workforce has increased four times since 1973 and the plant has grown to occupy around 45,000 square metres of land. A new factory was completed in 1986 to update production technology, employing all German-made machinery, and the area covered by buildings is now 21,000 sq.m.

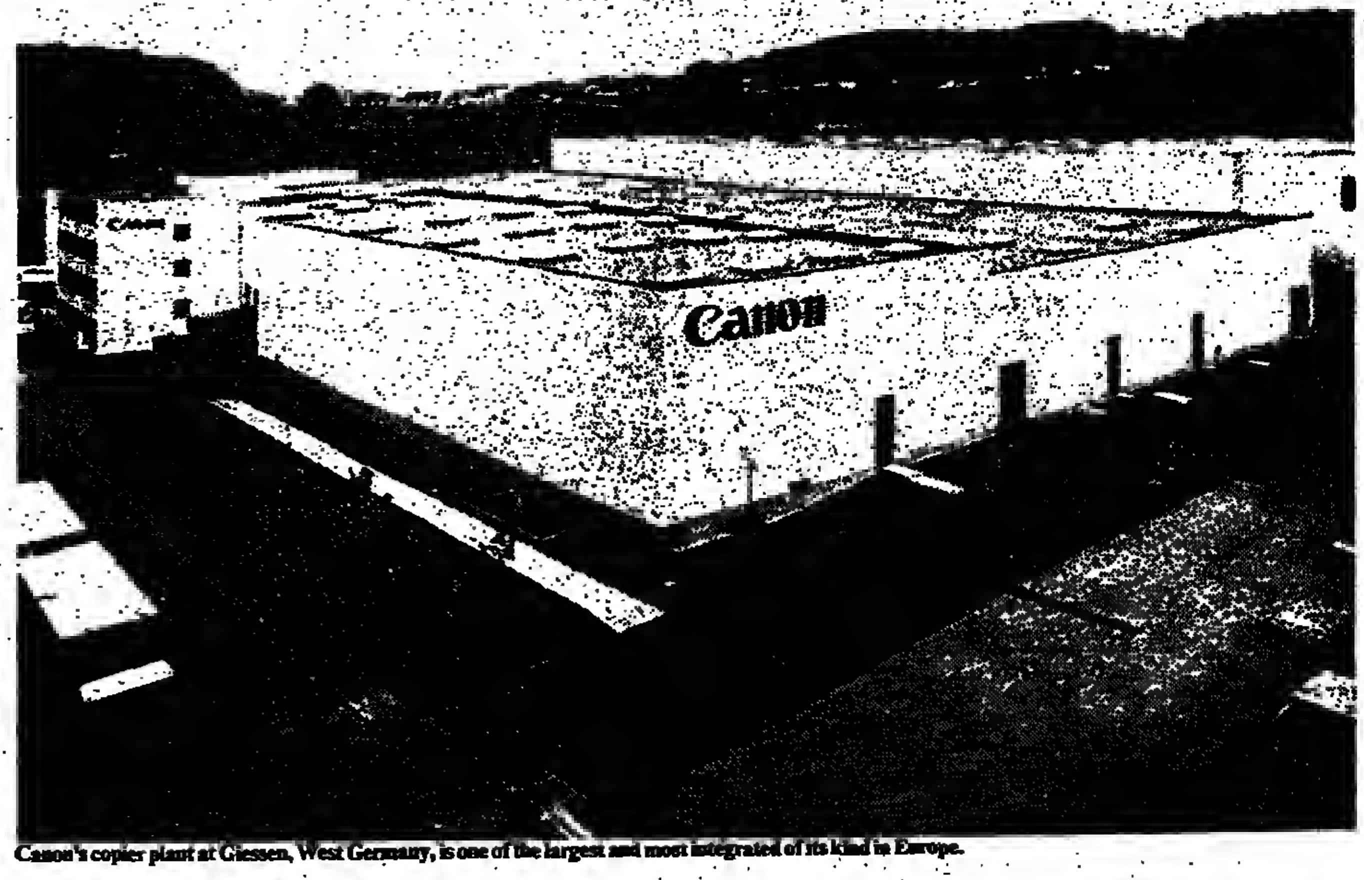
Copiers to the '3', '4', '7' and '8' Series are manufactured at Giessen, together with components and supplies such as photosensitive drums, the heart of the plain paper copier. High precision automatic machinery to manufacture these, developed by German and Japanese engineers working in tandem, have been custom-produced in Germany to Canon specifications.

Production currently stands at some 4000 copiers per month, and local parts purchased from within the European Community include moulded casings, lids, platen glass, print boards, paper supply cassettes, fixing rollers, solenoids, DC controllers, halogen lamps and low voltage electric sources.

All the machines manufactured at the plant qualify for the 'Made in West Germany' mark, and an R & D department is currently being developed on-site to further investigate alternative materials and other options for locally produced parts.

In France, Canon responded to the French government's invitation by acquiring a 180,000 sq. metre site at Liffre and established Canon Bretagne S.A. in August 1983 with a capital of 50 million francs. Production started with personal copiers in the latter part of 1984, and in March of the following year Mr Kaku was awarded the decoration of 'Officier de la Legion d'Honneur' by the French government in recognition of Canon's contribution to the development of the Bretagne region.

Since its formation, construction at the plant has been almost continuous with the addition of further production lines for other products. To finance this rapid expansion, the capital of Canon Bretagne has been increased to 170 million francs.



Canon's copier plant at Giessen, West Germany, is one of the largest and most integrated of its kind in Europe.

This growth also entails substantial increases for local supplying of parts, goods, services and automated production equipment, as well as indirect work through the many French companies supplying Canon Bretagne – firms which are employing a large number of highly skilled technicians.

European machinery for manufacturing printed circuit boards is particularly advanced. Canon Bretagne is the first Canon factory to use a laser guiding system for their assembly, which shows employees where to insert chips on the board. The machinery for testing the finished boards is also European made.

Canon's approach to the management of advanced technologies is multipurposed. It aims to further extend its own store of original technologies; to master existing technologies not yet included in the Canon repertoire; to intensify its pursuit of basic knowledge at the frontiers of science and technology; and to share its innovations with people around the world.

In pursuit of these objectives, Canon's R & D spending has risen approximately 240.5% since 1982, a reflection of the emphasis the company places on creativity.

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This technological advance has been reflected in the rapid rise of Canon's revenues from licensing, which in 1987 were approximately 9.6 times the payments to other firms for licenses. Today, for example, many copier manufacturers throughout the world have been licensed to use Canon technology.

The next stage in Canon's development of integrated operations in the European Community is to expand its European R & D activities. Through its rapid development of new, original technologies, pushing forward the state-of-the-art in optics, electronics and precision mechanics, Canon is now to a position to co-operate more extensively with European partners.

A high level of technological co-operation with firms and other institutions of the EC is therefore an essential part of Canon's continuing effort to assure the widest possible benefits for the world from its achievements at the forefront of technological innovation.

In January 1987, Canon announced a joint venture company with Olivetti to Italy for the development and manufacture of office automation products. Known as 'Olivetti-Canon Industriale S.p.a.', the new company is currently manufacturing low volume office copiers.

The new company marks a third European manufacturing base for Canon, and the nature of the joint venture should result in advanced products in the office automation field through Olivetti's expertise in software technology combined with Canon's in laser and other forms of printers.

Co-operation, of course, is inherently a two-way street. Canon is not only engaging in joint projects with European partners to develop new technologies, but is also joining in the efforts to expand overseas markets for European high technology products.

A recently formed joint venture with CIT Alcatel of the Compagnie Generale d'Electricite group, to promote sales in Japan of dry etching machinery for integrated circuit manufacture, heralds a broader range of co-operative ventures between European firms and Canon in the search for synergy in global markets.

A workforce of about 430 people is employed by Canon Bretagne S.A. at Liffre.

50th ANNIVERSARY

In the forefront of technology

IN 1986, at a time when Canon and many Japanese companies were facing financial constraints caused by the soaring value of the yen, the company actually increased its investment in Research and Development to more than 11.3% of total worldwide sales.

This commitment to technological innovation has been a major factor in the company's growth. Over the years, it has led to many pioneering products and firmly established Canon as a leader in terms of quality and reliability.

Today, Canon's technological advantage can be seen in a number of products which benefit from years of dedicated research, including the Color Laser Copier, the award-winning EOS autofocus 35mm SLR camera system, bubble jet printers, and a still video system for capturing full colour photographic images on magnetic disk for transmission over normal telephone lines.

The recently launched Color Laser Copier is the world's first digital full colour plain paper copier and benefits from Canon's trail-blazing expertise in laser beam printing technology, which has resulted in approximately 84% of the world's desktop laser printers being based on a Canon engine.

In creative applications, it is more a design tool than a straightforward copier, boasting a wide variety of image editing and formatting features including colour conversion, independent length and width magnification, and multi-page enlargement for wall poster sized full colour copies.

Image manipulation is possible on the *CLC* as information contained on an original is converted into electronic signals by a charge coupled device (CCD) line sensor array divided into units of three, covered by red, green and blue filters.

At this stage, creative editing is carried out by an image processor. With an A4 original, for example, the image is broken down into approximately 15 million picture elements, each represented by an electronic signal. These can then be altered according to user commands so that images can be lengthened or widened, moved around on the page, or changed in colours.

After processing, the signals are sent to the printer unit, where they activate a semiconductor laser, turning it on and off. When the laser is on, it strikes a photosensitive drum, partially neutralising its electrical charge, while areas not struck keep their charge.

The partially neutralised areas attract toner which is then transferred from the drum to plain paper to make the copy. The process of charging the drum and picking up toner is repeated four times, once for each toner colour – magenta, cyan, yellow and black. The four colours are then mixed and fused to the paper by a fixing unit.

Full colour copying is set to play an increasingly major role in the reprographic world, in much the same way as autofocus has come to dominate the 35mm single lens reflex camera market over the past few years.

It can be argued that Canon was somewhat a latecomer to this particular market, but its EOS 'power eye' autofocus system has made up for any tardiness by picking up some of the industry's most prestigious major awards and becoming one of the world's top sellers.

Again, the reason for this lies with technological innovation. Unlike their competitors, the Canon EOS cameras 650 and 620 contain tiny motors adjacent to the working parts they control and an all-electronic signal transfer system between body and lens. This provides superior performance in terms of focussing speeds, averaging at 0.4 seconds from infinity to 1m.

The EOS autofocus system is centred around a Base Stored Image Sensor (BASIS), developed by Canon and housed in the camera body. Capable of high sensitivity, it allows sharper, more realistic images even in low light.

In contrast to conventional CCD sensors, where signal charges are transmitted sequentially from cell to cell and only amplified for readout at the end, each photo cell in BASIS also functions as an amplifier, thus reducing signal loss and noise.

Moreover, because the signal charge remains after readout, multiple outputs can be obtained by attaching multiple electrodes to one BASIS cell. This multi output capability holds great promise for future image processing applications in copiers, image readers, videotape recorders and other imaging equipment.

Dan Fern, Head of Illustration at London's Royal College of Art, with the Canon Color Laser Copier. In the background is a poster-sized mural made using the machine's 400% multi-page enlargement feature. Canon has donated the machine to the R.C.A. for research by students into the use of colour copying in design and illustration as part of their two-year postgraduate course.

Another innovation in the EOS system is the use of a new advanced motor in some of its lenses for quieter and faster autofocus operation. Canon's ultrasonic motor (USM) employs a principle totally different from that of conventional motors. A piezoelectric element causes a vibration at inaudible ultrasonic frequencies which moves the rotor like a float riding waves.

The USM offers many advantages, including high torque and low-speed rotation, excellent high-speed response for quick start/stop operation, and high torque retention for stability while idling.

In coming years, Canon researchers will expand applications of the USM to include factory and office automation, but at present its use in the EOS EF lenses offers a number of unique benefits.

Problems experienced by photographers through 'camera shake' will also be eased in the near future by a new image stabilisation technology developed by Canon for EOS cameras and telephoto lenses.

The company has developed an extremely compact, high performance image stabilisation lens incorporating highly sensitive, built-in accelorometers that detect camera vibration and activate an optical compensator to counteract image displacement.

This use of high quality optics allows images to be corrected without any quality deterioration, reducing image blur caused by camera shake to around one-third to one-fifteenth in hand-held cameras with telephoto lenses up to 300mm at 1/60th second shutter speed. Subjects seen through the viewfinder are stabilised, allowing more accurate perception of the image.

An imaging technology of the future available today is Canon's Still Video System, a method of capturing full colour pictures on a 50-frame erasable 2" floppy disk. These can be viewed immediately without any chemical processing on a colour TV monitor, edited, printed out or transmitted to anywhere in the world via normal telecommunications channels.

Flexibility in combining the components makes the system ideal for a broad range of applications in news media, law enforcement, real estate, medicine, education, science and many other fields where visual information handling is important.

Unlike conventional film cameras, the still video camera is part of an extensive system comprising the camera itself (similar in appearance to a conventional SLR Model), a recorder/playback unit, a printer and a transreceiver or portable version for sending images over phone lines.

Though the camera's external design offers few surprises, the inside is a different story. Light, instead of falling on film, hits a CCD that converts it into electronic signals. The camera sends these electronic signals to a head which records them magnetically on a revolving floppy disk. As with a record player needle, the head moves from the perimeter of the floppy towards the centre, recording one field with each revolution.

Although still video cameras work on the same principles as VCRs, their picture quality is far better than 'moving' videos. Canon engineers achieved this by making each floppy track twice as long and two to three times as wide as a $\frac{1}{2}$" videotape track. Engineers also improved the signal-to-noise ratio to create a clearer picture.

To play back images on a TV screen, the floppy is inserted in the recorder/playback unit, which can also record single frame video images from the TV, a 'moving' video, a laser disk or a VCR. To get pictures where they are needed fast the Canon-developed video transceiver both transmits and receives pictures over telephone lines. In just three minutes, a full colour picture taken with the still video camera and recorded on floppy disk can reach its destination – even if it is on the other side of the world.

For printing hard copies, Canon's Colour Video Printer uses Canon-developed ink and paper for high quality prints via two new technologies. Where previous inkjet printers used three colours – cyan, magenta and yellow – Canon's uses eight: three shades of cyan and magenta, plus yellow and black. Before printing, the video printer scans the whole image, selecting the appropriate shades of ink to correctly reproduce the brightness of the picture.

Also aiding print quality is the analogue modulation system in ink ejection, which ejects large ink dots for dark areas and small ink dots for light areas. Other systems, by comparison, modulate darkness and lightness by changing the number of ink drops ejected.

By combining the analogue modulation system with light, medium and dark shades of ink, Canon's printer produces full colour prints with an impressive 64 delicate gradations.

Another new printing technology developed by Canon is bubble-jet printing. New machines utilising this technology are just becoming available, such as the BJ-130, a desktop black and white plain paper printer which offers fast, quiet operation with near-laser printer quality at around half the price.

Bubble-jet printing was discovered about ten years ago at Canon's central research centre, when it was found that a medical syringe would suddenly shoot out some of its contents when touched on the needle by a hot soldering iron. Making use of this discovery, Canon designed a print head that works according to the same principle, shooting out tiny droplets of ink onto paper to form images.

The print head is a row of fine nozzles, each about half the thickness of a human hair. Within each nozzle is a tiny heater that produces sudden temperature rises in the ink through a pulsed electric current. Several thousand of these temperature rises are produced per second, each forming a tiny bubble that exerts pressure and forces a single, ultra-fine droplet to be ejected.

Many obstacles had to be overcome before the bubble-jet system could be put to practical use. And to overcome them all, Canon had to develop an entire new technology with completely new materials.

Engineers from many *fields* were involved in designing and developing the system, starting with the basic components.

The manufacturing process for the print head is very similar to that used for semiconductors. With this process, it is now possible to place more than 400 nozzles within a one-inch length. In addition, head uniformity and reliability increase as production volume expands, helping to lower production costs.

In the near future, copiers, word processors and facsimile machines will use this series of high-density heads for high-precision printing, in both colour and black and white.

Fifty years of productive landmarks . . .

CANON'S position today as a global manufacturing and marketing organisation spanning over 130 countries and employing more than 37,000 people has its origins in a small workshop, in Tokyo's Roppongi district.

In 1933, a small group came together with the objective of producing a better 35mm camera. After two years' hard work with little technical guidance, they produced a prototype and named it the Kwanon.

The company grew and was incorporated as the Precision Optical Industry Co. Ltd. in August 1937 – marking the official beginning of Canon – after it had introduced Japan's first 35mm focal plane shutter camera under the Canon brand.

From that moment on, the company's history of growth has been marked by a number of 'firsts', leading it into technological innovation, product diversification and global expansion.

In its first decade, Canon established a solid reputation for the quality of its still and X-ray cameras, the latter being instrumental in assisting the eradication of tuberculosis from Japan. The success of these products led the company to change its name to Canon Camera Inc. in 1947.

During the 1950s, the company's reputation overseas began to grow rapidly as high quality Canon products, incorporating original technologies, were shipped to world markets. This prompted Canon to enter the international arena by opening a branch in New York in 1955 and establishing an exclusive European agent, Canon Europa, in Geneva in 1957.

In another strategic move of the 1950s, Canon took the first step on the road to product diversification, marketing 8mm movie cameras, television lenses, and micrographics equipment and components before the end of the decade.

The first part of the 1960s belonged to cameras. The Electric Eye Canonet, a compact rangefinder camera launched in 1961, opened a new page in 35mm photography and set sales records worldwide. However, the latter half of the decade saw two world firsts that set Canon on a new path to its present day strength in business machines.

One was the Canola 130, the world's first 10-key pad calculator launched in 1964, which ultimately led the company into the manufacture of electronic typewriters.

Then, four years later, Canon tackled and eventually achieved an alternative to xerography by inventing its NP plain paper copying system. At around this time, Canon dropped the "camera" from its title to become simply Canon Inc. in keeping with its new status as a business machine manufacturer.

Copiers, today one of the company's main product lines, notched up an impressive list of firsts in the 1970s: the world's first liquid-dry copier in 1972; the world's first high-speed image retention copier in 1978; and the world's first single-component toner projection copier in 1979.

These achievements have continued into the 1980s with the launch of the world's smallest plain paper copiers, the Personal Copier series, in 1982; the world's first digital laser copier, the NP9030, in 1984; and more recently, the world's first full colour plain paper electrostatic digital laser copier, the Color Laser Copier, in 1987.

Technological innovation was also a major factor in the camera field. The F-1 camera system, first shown at Photokina in 1970, met the needs of professional photographers for the next 10 years without major revisions, and continues to be widely-used in its present form. The AE-1, launched in 1976, was the world's first camera to use a built-in microprocessor and went on to become the best-selling SLR worldwide.

Another best-seller was the AF35M, the original Sureshot launched in November 1979. It was Canon's first commercial autofocus camera and the first to use an active autofocus system. This and later versions went on to become the world's most popular autofocus compact.

In more recent years, Canon's T-Series SLRs made their mark with amateur and professional photographers alike, and the recently-launched EOS autofocus SLR cameras are the world's first with an all-electronic signal transfer system between body and lens.

Through diversification, Canon continued to consolidate its position as an integrated business machines manufacturer with mask aligners, laser beam printers and facsimile transceivers.

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In 1971, the company began marketing semi-conductor microchip production equipment to make the tiny integrated circuit chips used in all electronic products. The company now makes a full range of these machines, and an indication of their quality is that Texas Instruments Deutschland, the American-owned microchip company, presented Canon Europa's Industrial Products Division with its 1986 'Supreme Excellence Award' for outstanding reliability as a supplier.

Facsimile has been a great growth market area in recent years, and Canon has been one of the market leaders since it introduced its first machine, the Group 2 Fax-601, in 1979.

This year sees the launch of the world's first office facsimile machine capable of A3 size for size transmission and reception, the Fax-810, and a new compact model containing the world's first contact sensor which does not require an image formation lens.

On the horizon are a range of Group 4 machines which transmit and receive images with astonishing speed, accuracy and resolution via the new ISDN telecommunications systems now coming on-line in many countries. They are already being used by NetExpress, an international packet switched digital network service provided by US-based NetExpress Inc., DHL and Canon, for high quality image transfer to countries throughout the world.

Canon developed its first laser beam printer in 1975, and while the early models were too large and expensive for widespread use, they set the scene for future *developments*, especially when the complicated gas laser was replaced with a compact, simple semiconductor laser.

The LBP-8 series, introduced in 1983, provided low-cost high performance by featuring the Canon replaceable cartridge system developed for its Personal Copier range. Today, Canon LBPs are widely used throughout the world, with over 1 million units shipped as of September last year.

Canon turned its attention to electronic typewriters in 1981, and the company now has a full range of successful personal and office-use machines, together with screen editor add-ons for expanding office workloads. A more recent text and image processing product is the Canon Express Desktop Publisher, launched in 1987 and combining a Canon-manufactured computer, image scanner and laser beam printer.

Video products were introduced in 1981, and just three years later, Canon became one of the first companies worldwide to announce a super-compact 8mm video camcorder system. In 1987, the company remained at the forefront of new trends in the camera market with the introduction of the world's first still video system which uses a floppy disk instead of film.

This year, the world's fastest and most powerful television zoom lens with 50x magnification has been launched with a range equivalent to that from 38mm semiwide-angle to 1900mm super telephoto in a 35mm SLR.

Alongside all these product and technological innovations, Canon has expanded its global operations over its fifty-year history, and now has 44 subsidiaries around the world with manufacturing plants outside of Japan in the U.S.A., West Germany, France and Taiwan.

Scientists in the company's Research and Development Centre are currently working on exciting new technologies and products, and the next fifty years should see even more Canon 'firsts' as it grows into a truly international corporation based on the concept of 'technology as a world resource'.

Company highlights

1930s
'33 Precision [illegible] founded.
'35 Japan's first [illegible] introduced.

1940s
'41 Japan's first indirect X-ray camera [illegible] screening introduced.
'47 Name changed to Canon Camera [illegible]

1950s
'55 Branch office [illegible]
'56 8mm cine camera introduced.
'57 Canon Europa established.
'58 Japan's first zoom [illegible]
'59 [illegible]

1960s
'61 'Electric Eye' [illegible]
'64 World's first [illegible] introduced.
'68 Canon Amsterdam N.V. [illegible] headquarters.
'68 World's first plain paper copier [illegible] alternative to xerography introduced.
'69 Name changed to Canon Inc.

1970s
'70 [illegible] introduced.
'73 Canon [illegible] copier plant established.
'75 Laser Beam Printer technology developed.
'76 World's first camera with an inbuilt microprocessor introduced, the AE-1.

[illegible]
'87 World's first electrostatic digital full colour plain paper copier, the Color Laser Copier,
'87 E.O.S. autofocus SLR system introduced.

Canon's corporate logotype is evolved from our founding spirit of 50 years ago: a spirit of challenge and determination to produce the world's finest camera.
Since then that challenge has shifted to many other fields: as Canon has diversified into image and information industries, many hundreds of different kinds of products have borne that same trademark. And, as we near the 21st Century, the same mark will continue to stand as a guarantee of Canon reliability and quality, no matter how our business lines evolve to meet the future.

Canon

50th ANNIVERSARY

Developing fresh ideas

CANON's Research and Development philosophy is quite simple – to convert today's possibilities into tomorrow's certainties, making the impossible possible, and discovering new technologies and products for the enrichment of the world.

Since the development of leading-edge technologies in the fields of image and information processing is essential for Canon, the company has adopted a strategy of vertical technological integration that covers everything from basic research for materials and devices to the development of products and components.

With this all-encompassing approach, a new technology can be marketed in the form of original components or as individual products.

In researching basic technology, Canon endeavours to develop new capabilities by creating materials and devices in a wide range of fields. These range from materials science to biotechnology, and will be expanded to focus on the inner workings of organic structures as well.

By widening its research into a variety of fields, Canon is sowing the seeds for leadership in the image and information processing industries, which actively seek new materials such as a medium for optical memory disks and completely new electronic devices for use with superconductivity.

Canon's research and development of materials aims not only to discover new functions for materials, but also new device structures. In its research on silicon superparticles, for example, a new phenomenon has just been discovered in the photo-reaction of silicon membrane to light, while research on organic superlattices has led to the discovery of a 'switching' phenomenon. By using a semiconductor laser as an inorganic superlattice, new emission capabilities have been attained.

Since 1986, new materials have been discovered through research on superconductivity. Practical applications of superconductivity are certain to bring about dramatic improvements in conventional devices using magnetic or electric power sources, and in image and information processing speed.

Canon is progressing with such research because room temperature operation and the technology of thin-film growth under low temperatures are indispensable for the practical use of superconducting materials in the image and information processing industries.

Particularly pressing needs include those for the high-speed input of large-scale image information and a photo-detecting element for this application. Future equipment will also require devices with enormous amounts of memory.

One of Canon's new processes is called Selective Nucleation Epitaxy (SENTAXY) technology, with which it is possible to grow a single crystal silicon film at a desired position on an amorphous substrate such as glass. This technology will enable large-area sensor production while providing unprecedented high-speed response. Research on a new process to manufacture high performance devices for future image equipment is now being conducted.

Future devices will have circuits packed more densely than ever. In order to keep up with this technology, the light sources now used for mask aligner steppers will have to be replaced by X-rays.

However, in order to use X-ray sources for steppers to expose lines and spaces within quarter-microns, comprehensive research on structural materials, control software and sensors will be required – research that is underway today at Canon.

Information processing abilities closer to those of human beings may be made posssible with new functional materials discovered by research on 'ultra' technologies.

Today's computers are based on mathematical calculation sytems. However, when people see, make judgements or just think, they do not simply calculate sequentially. In the human mind, many elements work together simultaneously.

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Canon is currently researching one of the methods for the realisation of 'future computing' technology – the use of parallel processing using 3-dimensional optical switches. With these devices, extremely high speed parallel processing becomes possible, bringing closer the day when computers will reason more like people.

By working to emulate the abilities of the human brain, Canon is creating man/machine interfaces that will make machines simpler than ever to use. With this goal in mind, Canon is currently engaged in research in voice recognition to 'hear', image recognition to 'see', natural language processing to 'understand' words, and knowledge information processing to 'solve' problems.

Among the potential applications for such Artificial Intelligence technology, Canon regards knowledge information processing capability as the key to what this exciting new field can offer.

'Expert' systems already developed by the company include one for lens design, OPHX, which is an intelligent interface with a knowledge base in which information for the use of computer-aided design is stored. It can function as a consultant in lens design or can assist designers directly in the design process, and has already greatly increased work efficiency in design projects.

Research in natural language processing and knowledge information processing technologies is currently being used in the development of an expert information retrieval system, while a prototype of a Japanese-to-English machine translation system is to be used for translating copier service manuals.

Another prototype has been developed to automatically generate programs that will enable assembly robots to visually check the position and posture of parts. This system is currently being tried at many manufacturing sites for small volume production of various one-of-a-kind products.

In the world of robotics, a newly-developed Canon device is set to dramatically improve efficiency and lower costs, with future applications including image processing.

For robots to move faster and more precisely, a motor shaft's angle of rotation must be measured very accurately and converted into electrical signals. Conventional photo-electric rotary encoders for this have grown very large, heavy and expensive as their precision has improved.

Using its ultra-precise optical, electron circuit and processing technologies, Canon has developed a low cost, ultra-compact high density pulse-forming encoder that uses the diffraction and interference of semiconductor lasers. The new Canon encoder provides 81,000 pulses per rotation, in contrast to the 1,000 to 3,000 pulses provided by conventional encoders of the same size.

Canon has also been involved in research on laser fusion, the aim of which is to create a safe, clean, inexpensive energy source on earth by reproducing the nuclear fusion reactions which take place in the sun.

In laser fusion experiments carried out at Osaka University, laser beams are concentrated on deuterium and tritium fuel pellets to induce nuclear fusion and obtain energy several hundred times greater than the energy initially provided.

These laser beams are transmitted through potassium phosphate crystals to shorten the beams' wavelength, and thus improve fuel pellet absorption of the beams. Because the fuel pellets are only approximately 0.04 in. in diameter, a large aperture aspherical lens is used to focus 18.8 in. laser beams to less than 10 microns to obtain powerful energy irradiation.

Canon developed these optical components through joint research with the Institute of Laser Engineering at Osaka University, as well as an ultra-precision machining technology which uses diamonds to cut the crystals to a surface roughness of just 0.02 microns. Canon is also designing and producing various other ultra-precision optical components for use in laser fusion.

In the field of High Definition Television (HDTV), Canon is developing new digital technology with particular stress on digital recording systems. HDTV produces 1,125 scan lines, more than twice the number of lines in today's conventional television systems.

Canon's new high efficiency TV signal encoder, the HDTV-CODEC, is specially designed for HDTV signal transmission, featuring an entirely new digital image transmission protocol jointly developed with KDD (Japan's International Telecommunications Company).

Anticipating trends toward network integration, the HDTV-CODEC has been designed with a switching capability between satellite communications mode and optical fibre communications mode, and it is the world's first integral transceiver/receiver system applicable with local area networks.

A prototype HDTV-compatible cassette digital data recorder has also been developed, incorporating the company's original technology for picture coding, error correction and high density recording.

Known as the HDTV-CDDR, it is easy to interface with other digital equipment, has an extended 120-minute recording time on ½-inch metal tape, and offers recording and playback with no image deterioration and high image quality even after repeated copying. Its advanced image processing technology makes editing extremely simple.

In addition to these products, Canon is also developing an integrated HDTV "Digital Network System", which includes audio-visual, digital communication and printing systems, and has produced an HDTV high quality, high speed zoom lens in cooperation with NHK, the Japan Broadcasting Corporation.

A built-in microcomputer helps to ensure higher picture quality, with a large number of fluorites minimising colour blur, and lens aberration is decreased by 50% in spite of an increase in speed from F2.1 to F1.4, making it the fastest lens in its category in the world.

The use of computer imaging and biotechnology in diagnosis is revolutionising medical science, and Canon is continuing to contribute to this field with new technology.

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A new Canon product for fast and economical diagnosis of adult T-cell leukaemia and AIDS is the Cell Analyser, a new type of diagnostic instrument that illuminates blood cells with a laser beam and converts the resulting scattered light and fluorescence into electrical signals which are then displayed on a screen for diagnosis and printout.

By using an air cooled laser, Canon has succeeded in making the analyser very compact, lightweight and low in cost. Because it is economical as well as allowing a rapid and highly accurate and detailed diagnosis to be performed for the presence of cancer or deficiencies in the immune system, it is expected to be widely used by hospitals and clinics.

The system is based on the principle of passing cells stained with fluorescent dye through a fine glass tube called a flow cell at a high speed of several thousand cells per second. An argon ion laser illuminates the cells during this process, scattering light in front of each cell according to its size and to the side of each according to its internal structure.

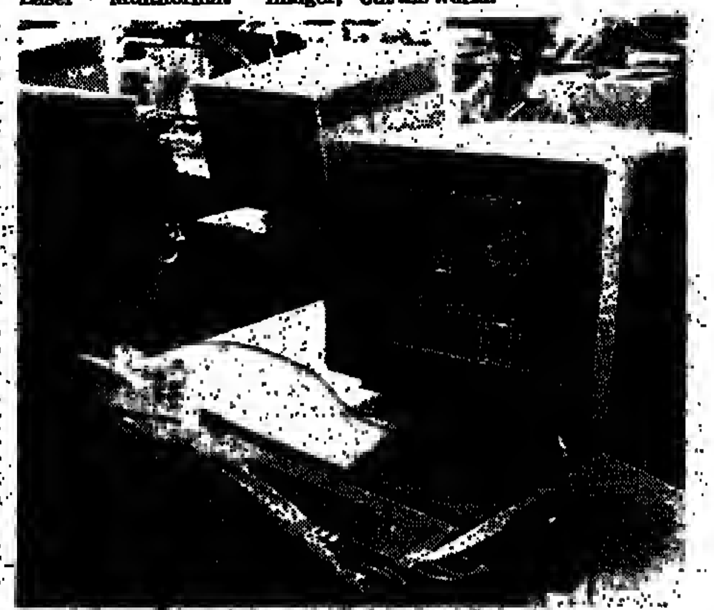
Fluorescence is generated according to the biological characteristics of each cell. The scattered light passes through condenser lenses positioned at the front and side, and enters detectors where it is converted into electric signals. The data is then processed and displayed by a personal computer in the form of a histogram and a cytogram. These charts can then be used to determine the relative amounts of DNA, RNA and protein in cells, and the status of cell activation and antibody response.

Another highly advanced diagnostic instrument is the Laser Multiformat Imager, jointly developed by Canon and Eastman Kodak. The new machine prints digital image signals from brain or body scans directly onto a large size laser sensitive film using LBP technology, and the resulting images are then reproduced on a multiformat screen.

Each pixel is directly recorded on film, thus eliminating image distortion, shading and picture-noise which are common in conventional CRT cameras. The result is a higher quality image with a resolution of 12.5 lines per millimetre with more than 4000 grey shades.

These extremely high resolution images are very effective in diagnosing subtle physiological and biological changes, and the imager's digital capability permits communication with various imaging modalities.

In 1986, Canon was ranked the sixth most innovative corporation in the world, as measured by the number of patents (524) registered in the United States. This dedicated approach to R & D – a hallmark of Canon's growth – will continue over the next 50 years to result in fresh ideas, exciting new technologies, and advanced products for the benefit of industry, business, consumers and peoples throughout the world.



(l. to r): Karel Waagenaar, the interim manager brought in by Frans Evers (centre) to get the radiation protection directorate running on the right lines, and Marius Enthoven, another civil servant who was involved as chairman of the ad hoc crisis centre set up after Chernobyl

When change needs to be kick-started

Michael Skapinker on Dutch managers who specialise in short-term assignments

LIKE MANY highly trained professionals, the scientists at the Netherlands radiation protection directorate were convinced that no layman could understand their work well enough to manage their department.

"They saw the outside world as the enemy," says Frans Evers, a senior civil servant in the Environment Ministry, under whose control the radiation protection directorate falls.

He decided thet the directorate needed a new director, someone who would manage it more professionally. He selected the civil servant whom he thought could do the job. But first he decided to bring in an outside, short-term manager to set the directorate on a new path.

The man he called on was Karel Waagenaar of W and S Interim Management Services. Waagenaar is part of a well-established network of interim managers in the Netherlands who run companies and public sector concerns for a short period. Dutch interim managers are more than just temporary executives. They do occasionally fill the gap after the departure, for example, of a company's finance director. More often, however, their task is to change the organisation's strategic direction, strengthen its management or develop a new product or market.

Evers was quite clear what he wanted Waagenaar to do with the radiation protection directorate. "I needed somebody who, let's be honest, would kick the asses of the people there, who would make them fairly uncertain, who would say, 'I'm a manager. I don't give a damn about your scientific skills.'"

Staff at the directorate were shakeu up – but not just by Waagenaar. Three months after he took over as their director, the Chernobyl disaster occurred.

An inter-ministerial crisis centre, including staff from the directorate, was established to co-ordinate the Dutch response. "That changed Karel's task," says Marius Enthoven, who was chairman of the crisis centre. "He had to drop everything and see that his people performed as part of a larger team."

Eventually Waagenaar was able to get back to his original job of introducing professional management to the directorate. A year after he first started there, the designated director, who had been in touch throughout the period, took over and Waagenaar left.

Like many Dutch interim managers, Waagenaar was previously a management consultant. While working for the Dutch consultancy Berenschot, he suffered a familiar frustration: clients often failed to implement his recommendations. "I saw reports being left in drawers," he says.

Berenschot, along with consultancies in the Netherlands and other countries, attempted to counter this problem by offering to help clients put their proposals into practice.

"We started to make a professiou out of implementation," Waagenaar says. "Eveutually I came to the conclusion that implementation shouldn't be combined with cousultancy. Implementation should be carried out by a different group of people altogether.

"Management consultancy provides a client with alternatives. An interim manager has to take decisions even if the alternatives are not all known. Consulting requires objectivity. An interim manager requires commitment. They are totally different." In 1983 he left Berenschot to found W and S Interim Management.

Other W and S projects have included helping to run a large pension fund following the discovery of financial irregularities and the dismissal of a senior manager, and restarting production at a bankrupt Irish manufacturing company which had been acquired by Dutch investors.

Gerry Boskma of BCG Interim Management, a rival firm, estimates that there now are about 200 interim managers in the Netherlands, working either for themselves or for one of the established firms on a full-time or freelance basis.

About 80 of the 200, he says, work for one of the six firms that belong to the Council for Interim Management, a professional body with its own code of practice. Boskma says he expects that many of tha freelance interim managers will eventually attach themselves to one of the established firms. His own firm is part of the Executive Interim Management Company, which also includes the executive search company Egon Zehnder International, which has its headquarters in Zurich.

Other countries have interim managers too. In tha UK, the Confederation of British Industry and the management consultants P-E Inbucon run the Temporary Executive Service, with a register of 1,300 interim managers.

Waagenaar and Boskma argue, however, that interim management is more highly developed in the Netherlands than in any other European country.

They point, for example, to the Dutch practice of appointing a "shadow manager" to assist each interim manager. The shadow manager is a colleague from the same interim management firm who meets the interim manager once a week or so to discuss the progress of a project.

The shadow manager helps the interim manager to maintain objectivity. He or she also ensures that there is someone to take over the project should the interim manager have to drop out for any reason.

What sort of person becomes an interim manager? Boskma, whose firm has 45 full-time interim managers on its books, says he looks for people who have held senior management positions in large companies.

"They have to have the broadness, the balance, the posture to radiate assurance. They don't have time to learn on the job. They have to have a very good idea of what they're up to," he says.

Maarten van Dijk, an interim manager with W and S, says: "You have to prove yourself quickly. In the first week you need some kind of success, something new."

Van Dijk spent 14 months running the faculty of medicine at the University of Amsterdam, an interim management job he completed at the end of last year. As a result of cuts in funding, the faculty had to lay off 60 people – about 10 per cent of its staff.

It was a traumatic decision and the university decided to get an external manager to carry it out. "In 400 years, no one had ever been fired from the University of Amsterdam," van Dijk says.

"Of course they were afraid of me. On the first day it was panic. I didn't know it then because I didn't know the people well enough. On the second day I called them all together and said 'I'm your boss.' There was total silence. I told them 'I need you to help me. We are going to solve this problem together'."

Van Dijk adds that "firing people is uot exactly a pleasant activity. Once you have to do it, it should be done with sensitivity. I had a meeting with each of them individually to talk to them about it. In these cases, 90 per cent of the people can usually find another job. Ten per cent of them have more difficulty and you devote your time to them."

Apart from the unpleasantness of sometimes having to make employees redundant, interim managers face other difficulties. One is that the client company might become too dependent on the interim manager.

"We are aware of this problem all the time," W and S's Waagenaar says. "We talk about it to the client. We try to find the right man to take over from us if the client doesn't have anyone in mind."

W and S and BCG go to some lengths to ensure that clients do uot attempt to recruit interim managers to their permaneut managerial staff. Their contracts with their clients stipulate that the client cannot hire the interim manager for two years after he finishes the job.

If a client then takes on an interim manager on a permanent basis, BCG will also charge the company a search fee.

What do interim managers do if they discover corruptiou or financial mismanagement on the part of a client company? Both BCG and W and S say their client contracts enable them to pull out of a project if they come across any illegality or irregularity.

Boskma says his firm has come across two situations where clients were transferring funds illegally. "In one case we pulled out. In the other, we managed to correct the situation," he says.

Logistics

Getting their act together

Michael Skapinker on a Europe-wide survey of company performance

THERE IS NOT much point in having a modern and efficient manufacturing plant if your distribution staff cannot get the finished products to the customer on time.

Nor will your company's reputation be enhanced if your customer service department makes promises that your production people cannot fulfil.

It might seem obvious that companies should try to link the various parts of their logistics chain – the movement of goods from sourcing through manufacturing to final delivery.

Yet a survey of 500 European companies by US consultants A.T. Kearney found that less than a quarter had an integrated system to handle their logistics.

The survey found that many companies had improved one or other individual parts of the logistics chain. Most, for example, had put their customers' orders on computer. Few, however, had attempted to co-ordinate all these activities.

The consultancy identified four different approaches to logistics.

The first approach is characterised by companies which think no further ahead than today. Any action that these organisations take to improve their purchasing, transportation or inventory management is designed purely to head off an immediate crisis.

The report puts as many as 57 per cent of the companies surveyed into this category.

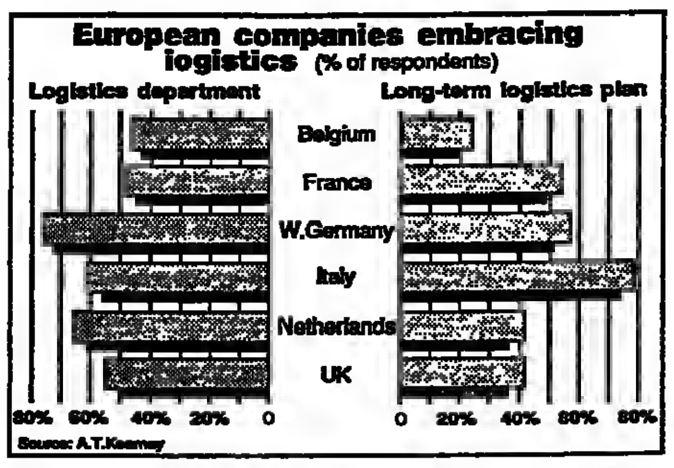
The second group of companies has a slightly longer planning horizon – they think in terms of "this week", rather than "today". Their prime mote in seeking any improvement is to cut costs.

Twenty per cent of the companies were in this category.

The third group consists of companies which think a month or even a year ahead and whose purpose, when improving their logistics activities is to enhance productivity.

The fourth group, the most advanced, is made up of companies which plan for the long term. All aspects of their logistics activities, from purchasing to final delivery, are integrated. They also have extensive links with both their suppliers and their customers. Their approach to logistics is not aimed merely at cutting costs, but at gaining competitive advantage.

Twenty-three per cent of the companies surveyed fall into the third and fourth groups.



The report argues that if purchasing, inventory management, transportation and other logistics activities are dealt with in isolation from one another, the results can be disappointing.

The report points out, for example, that many companies which introduced just-in-time systems to cut inventories did not achieve the cost reductions they had anticipated.

"We believe the key reason for the gap between expectations and results is an incomplete understanding of implications of adopting the (system).

"For example, several European companies implemented JIT systems in the early 1980s in response to pressure to cut inventories. When inventory financing costs were at 12 per cent, the inventory savings associatad with the JIT concept seemed to overshadow the additional materials flow, transportation and ordering costs.

"But then inventory financing costs dropped as interest rates declined to 6 per cent. Also, hidden costs associated with JIT began to surface. The real cost of transporting and handling small shipments became known. In several situations, the cost reduction expected from JIT turned to a cost increase when total costs were considered."

An integrated approach to logistics, the report says, requires action on three fronts. The first is organisational. The report argues that companies should establish a department responsible for logistics. Alternatively, they could set up an inter-departmental task force or committee.

In countries like West Germany and The Netherlands, a large majority of companies had already set up a logistics department. In Belgium and France on the other hand, fewer than half the companies surveyed had done so. In the UK, 55 per cent of companies had a logistics department.

Wouldn't the creatiou of a logistics department merely create another layer of company bureaucracy? Not necessarily, says Raymond Jewitt, an A.T. Kearnay vice president. Tha logistics manager might be someone who is already working for the company but is just given additional responsibility.

The second thing companies should do, the report argues, is draw up a long-term logistics plan. In Italy, 79 per cent of companies surveyed had a long-term logistics plan. in Belgium, however, the figure was only 24 per cent. In the UK it was 41 per cent.

Overall, 50 per cent of the companies surveyed said they had a long-term plan, but the report says that many of these do not really integrate all the logistics activities.

The third element of successful logistics planning is to ensure that managers have sufficient information.

A few years ago tha necessary technology was difficult and expensive to assemble. Today, however, inexpensive computers and devices such as bar code scanners have made it far easier for companies to put an information system together.

Logistics Productivity: the Competitive Edge in Europe. Available from A.T. Kearney, Stockley House, 130 Wilton Road, London SW1V 1LQ. Free.

Expanding demand for executive candidates

BY MICHAEL DIXON

WHILE always reluctant to give hostages to fortune, the Jobs column has to say that prospects have never looked brighter for ambitious executives in Britain.

The reason for my optimism lies in the table alongside. It traces demand for managers and key specialists in the 12 months to March 31, as shown by the MSL International recruitment consultancy's counts of higher-ranked jobs advertised in leading United Kingdom journals.

As can be seen, the last 12 months brought an increase in advertised demand over the corresponding period of 1986-87, not just in total but in every one of the more specific fields of work listed. They are research, design and development; marketing and sales; production; finance and accounting; computing; general management; personnel work; and "others" such as purchasing, company legal work, and internal consultancy of various kinds.

The fact that there were rises *in all eight categories strikes me* as a good portent. For while the total for the 12 months to March 31 was higher in 1984-85, in that period two categories – general management and marketing – showed falls from the previous 12 months. So, although in the case of computing the recent increase was only marginal, I feel there must be a fair deal of steam yet left in UK executive demand.

The same belief is shared by MSL's worthy representatives in Glasgow who have been making

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS
(12 months to March 31)

Type of work	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %	1985-86 Posts advertised	1985-86 Change from 84-85 %	1984-85 Posts advertised	1984-85 Change from 83-84 %	1983-84 Posts advertised	1983-84 Change from 82-83 %
R & D	3,510	+ 3.9	3,378	−42.0	5,823	−22.6	7,527	+ 5.4	7,139	+26.6
Marketing	6,373	+ 4.1	6,124	− 5.0	6,447	− 0.8	6,502	− 3.2	6,718	+14.2
Production	6,242	+29.9	4,807	−23.8	6,311	−12.1	7,178	+15.5	6,217	+36.3
Accounting	7,795	+15.8	6,732	+ 5.2	6,401	+ 2.2	6,261	+11.8	5,611	+20.4
Computing	3,710	+ 0.7	3,686	− 7.8	3,998	− 6.7	4,287	+34.1	3,198	+34.6
General mgt.	1,659	+19.8	1,385	+ 6.0	1,307	+ 4.0	1,257	− 5.1	1,325	+ 3.4
Personnel	1,117	+11.1	1,005	+15.5	870	−19.8	1,085	+13.4	957	+40.5
Others	6,936	+20.9	5,735	− 6.9	6,162	− 0.8	6,214	+39.3	4,460	+53.8
Total	37,342	+13.7	32,852	−12.0	37,319	− 7.4	40,311	+13.2	35,623	+27.3
April-June	8,597	+ 5.2	8,172	−21.5	10,412	+ 0.8	10,084	+20.3	8,340	+49.2
July-Sept	8,274	+ 8.0	7,664	−19.4	9,507	− 2.6	9,760	+20.7	8,086	+18.5
Oct-Dec.	9,248	+17.8	7,850	− 8.7	8,596	− 3.3	8,893	+ 3.9	8,560	+32.3
Jan-March	11,223	+22.4	9,166	+ 4.1	8,804	−24.3	11,624	+ 9.3	10,637	+16.9

the count of advertisements every three months since the beginning of 1959. Indeed, for the first time in the 15 years that the *Jobs column* has known them, they are looking on their findings with optimism unalloyed.

"We were quite pleased by the figures for the final quarter of 1987," the chief counter explained. "They showed that, in spite of Black Monday, the market did well through October and November. We still had doubts, though, because it fell away more than it usually does in December, which might have meant the share-price reverses were having a delayed bad effect.

"*But we've got to be optimistic* on the results for the start of 1988. The market's definitely in a growth phase.

"The first quarter of a year is almost always the best one, so it's unlikely that the next three quarterly periods will produce as many offers as January-March. Nevertheless, the upturn is no flash in the pan. Although the latest three-monthly tally is 400 jobs down on January-March 1985, which was the best quarter we've seen, I'd expect the record to be broken before the present expansion runs out."

A new record has already been set in the case of accounting and *finance specialists. The* 2,126 posts advertised for them over the last three months was the highest in any quarter since the consultancy began its counts 29 years ago.

What may be a better omen for the UK economy is that the 2,081 jobs for production executives in January-March constituted the greatest quarterly demand for them since 1966. As MSL's chief counter observed: "Today's hard-headed business people don't take on production managers unless they have not only something to produce but a good reason to produce it." Moreover jobs for research, design and development staff, after 2½ years of dwindling, continued the recovery which began at the end of last year.

Similar encouragement is given by the consultancy's counts of posts advertised by certain industries. In the latest quarter the high-technology sector's score was 959 compared with 727 for the first three months of 1987, and the tally for energy-related companies was 598 compared with 338.

In sum, therefore, the UK market for executive-types in general looks set to be bountiful for some time to come. But since tradition could hardly allow me to end a conversation with MSL's Glasgow representatives without hearing some note of gloom, I asked the chief counter when the present growth phase was likely to end.

"I'd say, if you want a new job," he replied, "you'd do best to get one before 1990 arrives."

New Zealand

NOW to New Zealand where City of London recruiter Dudley Edmunds is offering a liability manager's post with the banking branch of one of the country's top financial organisations. As he may not name it, he promises to abide by any applicant's request not to be identified to the employer at this stage. The same goes for the other *headhunter to* be mentioned later.

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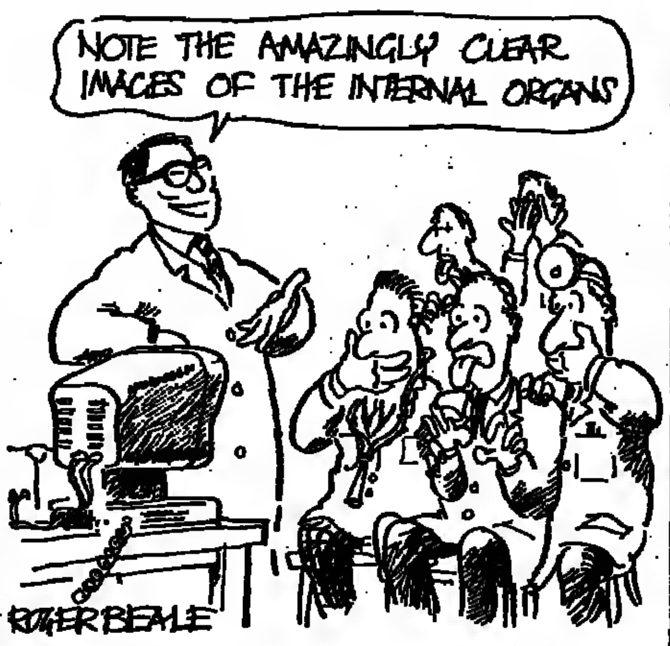
Japanese video technique takes the inside line

Roy Garner reports on an advanced internal inspection system for industrial and medical applications



DOCTORS in Japan foresee an exciting future for the video endoscope, an internal inspection device which utilises a CCD (charged coupled device) scanner, TV monitor and digital image processing equipment grafted onto the basic design format of the conventional fibrescope.

Industrial applications of the technology are also expected to increase. Although a complete video endoscopy system is currently more than double the Y1.8m (£7,600) price of a fibrescope, researchers suggest its ease of use, greatly improved imaging capabilities and the promise of new medical techniques centred on digital image processing will soon lead to its wide acceptance.

One of Japan's leading researchers in endoscope (instrument for viewing the internal parts of the body) techniques is Dr Masatoshi Esaki, of Inage Hospital in Chiba, near Tokyo. He says that "within fiva years sales will multiply rapidly as improved equipment comes onto the market, and within ten years video endoscopes will be in widespread use throughout Japan."

It is 30 years since the US company American Cistoscope Makers Inc (ACMI) introdoced the first fibrescope – a flexible tube fitted with a shaft of bunched optical fibres within its outer wall that transmitted images through *total internal reflection*. Since then the device has revolutionised internal medicine, bringing sharp redoctions in the use of surgery and X-rays, and proving *an invalnable aid in* the *early* detection of cancer and the location and treatment of internal bleeding.

The endoscope has also been a runaway business success for the Japanese company Olympus, which has long held a dominant market position, and recorded sales of the device and its ancillary equipmeot of Y71.4bn in 1987. But for Olympus, and competitors like Fujino (a subsidiary of Fuji film), Pentax, Toshiba and Machida, long-term growth is closely tied to the fortunes of the *video endoscope*.

The conventional endoscope comprises two tubes of varying lengths; the thicker one contains electrical connections and the thinner carries the optical fibres for internal insertion.

The two are joined at a control cluster featuring tube angulation levers, viewing eye-pieces and an external camera attachment.

In 1983, the US company Welch Allyn became the first maker to try replacing the optical fibers with a CCD and a camera with a video link. In the ensuing five years, Japanese companies have devoted considerable researcb and development funds towards developing their own commercially viabla "video endoscope" systems, and at least 200 are now in use in Japan.

Yuji Ikuno, manager of the endoscope section of Olympus's prodnct development department, says *his* company asked its doctor clients to experiment with at least 20 clay models of differently configured controls, in an effort to achieve the maximum *ease of operation*, and *full use* of the video imaging capabilities.

In the resulting system, just three small buttons on the control head direct all of the imaging procedures. Whereas with the earlier equipment, the doctor has to interrupt his examination to attach a bulky camera to the viewing tube, and even then only acquires a small selection of still pictures of average quality, with the video endoscope he can consult a high-resolution image continuously displayed on a TV monitor, and at the push of a button can "freeze frame" critical images, and instantly record this data elther on a video disc or as hard copy.

These innovations give the doctor *more* freedom to concentrate on the examination of the patient, and allow for shorter operation times.

Dr Esaki outlines three essential advantages of the video endoscope. These are:

- Clarity of image. He notes that "in cancerous tissue, for example, we can see more detail of the fine structures, and see more easily if it is benign or malignant. And in the small intestines we can now study the tiny villi, which are hard to manipulate and study with ordinary endoscopes."
- Computerised information storage. This is particularly useful in diagnostic and teaching work, where images can be examined at leisure by people in different locations. The past records of a patient's medical history can also be instantly displayed for comparison purposes.
- Image modification. "It is easier to estimate the size of a tumour, using a computer to analyse the image information. The physiology or anatomy of diseases can also be studied better in this way," says Dr Esaki.

An area of special interest is the use of infra-red or ultra-violet light rays. This can only be done with the video endoscope, where the powerful rays by-pass the human eye. It could open np many new forms of analytic and diagnostic techniques.

The CCD scope does have some minor disadvantages compared with fibre optic endoscopes, notably the CCD's minimum diameter. At present this is 8.8mm. It compares with 2mm in fibrescope heads, and introduces limitations in delicate internal operations.

But, Yuji Ikuno of Olympus says such details are of less importance in the industrial sector, where *CCD scopes are being* used to examine everything from the internal condition of radiators and camera parts to the hidden chambers of Egyptian pyramids.

"In the medical field safety is the number one concern, but this is not such a problem in the industrial field," says Ikuno. He explains that potential applications are "very wide. The examination of jet engines is already a big application and buildings are now being constructed with fibrescope inspection holes built into tha design. In the future, ultra-violet and infra-red light might be used to detect problems such as material faults and metal fatigue. Everyone is seeking new applications."

The future of the video endoscope is closely linked to the awareness and ingenuity of users. Ikuno says, for example, that appreciation of the efficacy of the colonoscope was greatly enhanced at the time of President Reagan's battle with colon cancer. *Sales* grew at that time by an average of 8 per cent in the US and 5 to 8 per cent in Europe. Similarly, as new uses are discovered in both medical and industrial *fields*, demand *for* video endoscopes is expected to rise.

Bubble memories find a small but profitable niche

BY CLIVE COOKSON

ONE OF tha computer industry's greatest technological disappointments, the "bubble memory", has at last found a profitable niche market – though it is only a tiny fraction of the market envisaged by chip manufacturers 10 years ago.

During the 1970s several US companies spent millions of dollars developing bubble memories as a means of storing large amounts of information. They hoped these would combine the storage capacity of magnetic disks with the speed of access of silicon chips. Bnbble memories bold the binary digits of computer data as tiny areas or "bubbles" of magnetisation on a garnet chip.

In the early 1980s, however, it became clear that bubble memories would be too expensive to manufacture for a mass market. All the US companies dropped out of the field, except Intel which persevered with its loss-*making bubble memory division* until the end of 1986. Then Intel too lost patience and sold the division as an independent company called MemTech to a group of private investors.

This week MemTech said that it was trading profitably, though its turnover – $17m last year – is about 30 times less than Intel forecast fiva years ago. The company, which is based in California, also announced the formation of its first European subsidiary, Euro-MemTech, in Seaford, East Sussex.

William Almond, president of MemTech, says the company has proved that there is a viable niche market for bubble memories. "For a smaller single-focus company like ours this is a solid business and one that continues to grow."

The advantages of bnbble memories are that they are highly reliable, resistant to radiation and non-volatile – meaning that they retain their data indefinitely after the power source is turned off.

The largest single market so *far has been factory automation*. Builders of industrial robots and machine tools are prepared to pay $700 for a four Megabit (500,000-character) bnbble memory which will withstand vibration, dirt and electrical surges.

But the main growth area is likely to be military and space applications, where the radiation resistance is extremely important.

The company says it will win 36 per cent of this year's $55m world market for bubble memories, with Hitachi of Japan taking *most of the remaining business*. MemTech aims to take 75 per cent of a projected $90m world market in 1992.

WORTH WATCHING

Edited by Geoffrey Charlish

Toshiba drives up floppy disk capacity

IN JAPAN, Toshiba has started marketing a 3.5-inch floppy disk drive with a storage capacity of four megabytes (4m characters). Costing the equivalent of $320, the drive will be able to read and write on existing one megabyte floppy disks.

The large capacity (most 3.5-inch floppies are of either one or two megabyte capacity) has been achieved by using the relatively new techniqne of *"vertical" recording*. Magnetised elements of the recording surface are stacked *side* by side like blades of grass rather than end to end like a line of *dashes*.

By also using a barium ferrite recording medium, much higher bit (there are eight bits to one byte) density of recording has been achieved.

To allow the new PD-210 drive to cope with both one and four megabyte disks, Toshiba has developed special chips to control the read, write and erase functions, and has designed a dual density recording head.

Norwegians opt for Avon rig protection

THE FIRST full-scale cladding of a North Sea oil platform will feature a marine coating from Avon Rubber of the UK. The material prevents dangerous growth from building up on undersea structures and will be used on a rig ordered by Statoil, the Norwegian state oil company.

The rig will be built by Aker Verdal, and fellow Norwegian company Viking Mjondalen will clad the platform members to cover an area 40 metres below tha water and five metres above surface level.

The coating material, called Avonclad, is a combination of neoprene sheeting and chemically hot-bonded copper granules. Marine flora and fauna cannot live in the presence of copper and Avonclad will, it is claimed, offer protection for more than 20 years (much greater than the operational life of a rig).

The action of the copper granules, however, is strictly *confined to the treated surface* and has no harmful effect on the surrounding environment.

Submerged six-inch piping can grow to nine or 10 inches with marine encrustation. Designers have to oversize the pipe walls to *counter* the increased load of the growths. With Avonclad, lighter pipes can be used and building costs can be reduced since smaller crane loads and less labour intensive methods can be applied during the platform's construction.

Profit making becomes a highly-refined art

USING an electronic simulator, oil refineries can be "fine-tuned" to prodnce profit improvements of at least 10 *cents* a barrel, claims UK company KBC Process Technology. Such an improvement would be worth $3m a year in a typical refinery, says the Weybridge, Surrey, company.

KBC's simulator, called Petrofine, can run on most makes of mini or mainframe computer and has a basic price of £80,000. It enables refinery managers to plan, monitor and optimise their entire operation.

Alternatively, particular elements of the plant can be simulated to allow engineers with specific responsibilities to obtain the best results.

Once a model of the plant has been built up in the computer, the user is able to carry out "what if?" exercises under a wide range of conditions.

Soft option keeps things shipshape

TRANSTEMA, a Swedish company which specialises in computer systems for the shipping industry, has introduced software aimed primarily at international shipping agents.

Called Tradeware, it will run on IBM System 36 mini-computers or any IBM personal computer. It is designed to cover accounting, cargo booking, freight documentation and the tracking of equipmant such as containers.

The four software modules can work independently, or in conjunction with one another. Communications with shippers, *stevedores*, *principals*, agents and other parties is provided by telex or data transmission.

BT's night-watchman hunts down faults

BRITISH TELECOM Enterprises is offering a system called HuntsMan, which enables communications managers to test the voice networks that interconnect multiple sites in larger organisations.

HuntsMan tests antomatically *the links* between private branch exchanges at various sites. By exposing faults, or incipient faults, it is possible to maximise the availability, quality and cost-*effectiveness* of large, distributed, private voice networks.

The personal computer-based system will make 700 test calls overnight. It checks for dialling, busy, engaged, and ringing tone problems. In addition it will pinpoint troubles like number unobtainable, no answer, premature disconnection and noise on the line. It then produces both on-screen and printed reports.

Prices under pressure in year of the Amstrad

THE UK sales volume of microcomputers increased by 32 per cent last year. But because of downward pressure on prices the value of turnover rose by only four per cent.

Other figures emerging from a £695 review published by Romtec, the UK market research group, show that in value terms IBM had the largest market share at 31.8 per cent. Compaq had 8.4 per cent, Olivetti 7.9 per cent and Amstrad 7.5 per cent.

In unit terms, however, Amstrad sold the most computers and captured 26 per cent of the market. IBM followed closely on 24.7 per cent, and the next largest market share went to Olivetti with 7.7 per cent.

"It was Amstrad's year," says Romtec's Annual Market Review. The company's unit sales rose from 25,000 to over 100,000. Most of this increase was accounted for by the Amstrad model 1512 but in the closing months of 1987 the new model 1640 was predominant, with 80 per cent of the market by volume.

CONTACTS: Toshiba: Tokyo, 457 2104. Avon Rubber: UK, 02216 3911. KBC Process Technology: UK, 0932 856622 or in the US on (504) 887 3228. Transtema: Sweden, 31 635700 or in London 541 5700. BT Enterprises: UK, 0473 222333. Romtec: UK, 0628 770077.

NEW OPPORTUNITIES

I N · T H E · C I T Y

Business consultants play a critical role in the success and growth of this market and technology leader of relational database products.

They are the people who ensure the delivery of high quality solutions in complex environments where performance and customer satisfaction are paramount.

The continued growth and success of this organisation relies on dynamic IT professionals to lead this specialist city based team. These new positions require enthusiastic and intelligent individuals with a background in systems design and development within the financial sector.

BUSINESS SYSTEMS MANAGER

c £ 4 0 K + C A R

As a Business Systems Manager you will be responsible for a Business Unit, managing a team of professional consultants working on major client projects in the financial sector. You should have a degree, preferably backed by a professional qualification such as accountancy.

Your own extensive project and client management experience will mean you are currently involved in a business function where you will have undertaken strategic studies. You will need to demonstrate your credibility externally with clients and internally in managing, developing and adding value to your team. This represents a real opportunity for ambitious professionals where responsibility and challenge really means recognition and reward.

SENIOR CONSULTANT

c £ 3 0 K + C A R

Educated to degree level, you should have spent at least 5 years in the IT industry, using structured methodologies in a systems development environment with knowledge of databases. Additional knowledge of the finance industry e.g. settlements, gilts, securities, would be advantageous, however, this is not as important as the ability to learn fast and display exceptional interpersonal skills.

From your experience of leading major projects you will now be ready to broaden your horizons to an environment where you can make a significant contribution in a company that has a commitment to employee development with accelerated career paths for achievers.

For an immediate and confidential discussion, please call Ian Cooper on 01-637 9611 or alternatively send your C.V. to him at Management and Executive Selection, Second Floor, Albany House, 324 Regent Street, LONDON W1R 5AA.

MANAGEMENT & EXECUTIVE SELECTION

OPPORTUNITY TO ESTABLISH A GREENFIELD BUSINESS

CHIEF EXECUTIVE DESIGNATE

Financial Services

c. £50,000 + full benefits

Our client is a long established, rapidly expanding, international financial services company. Its business interests centre upon life assurance, unit trusts and fund management.

As part of a major programme of expansion into the UK and European markets a unique business opportunity in the investment markets has been identified and researched and the decision has been made to set up a subsidiary company to exploit it.

This is a carefully planned long term project which has full group support and substantial financial backing. It now requires an experienced investment market specialist to head it up. The role will initially involve locating offices, building a team, developing systems and marketing the product. Corporate culture is to lay strong foundations to any new venture and to allow senior executives full scope for their ideas.

The successful candidate is likely therefore to be a highly intelligent internationally-minded business manager with in-depth investment market experience, probably gained from a substantial institutional investment background. Well developed marketing skills combined with sound systems, administration and accounting knowledge are also very important. Our client is looking for a logical, disciplined and committed business manager.

The remuneration and benefits package will be very flexible and will be commensurate with the seniority of this appointment. The location for the business has yet to be decided and the successful applicant will participate in that decision.

Please write in confidence, enclosing a full cv including current remuneration and quoting reference F2909, to Paul Carvosso.

KPMG Peat Marwick McLintock

Executive Selection and Search

9 Creed Lane, London, EC4V 5BR

Private Client Investment Manager

c£35,000 + Bonus + Car

This is an exciting career opportunity for an experienced Investment Manager to move to a position where drive and initiative will be directly rewarded.

We are the fast expanding financial planning subsidiary of Chartered Accountants, Robson Rhodes. In this newly created role you will be responsible for the management of discretionary private client investments and the continued development of investment services for existing and new clients. The emphasis, at least initially, will be on collective investments. Reporting directly to the Managing Director, you will work alongside a highly regarded life and pensions team with an established reputation for commercial acumen and technical ability.

Candidates should be aged under 40 and have comprehensive experience of managing private client investments, especially unit trusts.

We offer a competitive remuneration package including profit-related bonus and company car.

Please write with concise CV to:-

ROBSON RHODES

Financial Services Limited

FIMBRA

Philippa James (Miss), Recruitment Manager, Robson Rhodes, 186 City Road, London EC1V 2NU.

Private and Institutional Clients

The Fleet Partnership, as part of its expanding executive selection programme, would like to hear from individuals or teams possessing their own established client base, who are currently considering a new position with a noted Member firm.

Contact, in total confidence, Elizabeth Sullivan.

the fleet partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours)

Quantitative Analyst

City **£18,000-£22,000**

CL-Alexanders Laing & Cruickshank Holdings (CL-ALCH), now wholly-owned by the Credit Lyonnais Group is one of the leading international securities houses.

Our Quantitative Analysis team services all divisions of CL-ALCH in the field of mathematical analysis and computer modelling. We support a wide spectrum of capital market activities including futures, options and fixed interest securities.

We now seek to strengthen this team. You will be a good communicator, in your mid 20's with experience in financial modelling or capital markets. You should:

- Have an MBA in finance;
- Be a sound mathematician;
- Be familiar with micro computer modelling including programming languages.

A base salary of £18,000-£22,000 is envisaged. We also offer a fully comprehensive benefits package, including mortgage subsidy and private medical care.

Please write with full c.v. to: Liz Knott, CL-Alexanders Laing & Cruickshank Holdings Limited, Bucklersbury House, 11 Walbrook, London EC4N 8EL. Telephone 01-236 0667.

CL-Alexanders Laing & Cruickshank Holdings Ltd

A MEMBER OF THE CREDIT LYONNAIS GROUP

Hanson PLC

UK Business Development

Hanson PLC will appoint an able executive seeking a challenging opportunity, to join its small head office team to work principally in the field of new acquisitions.

The successful applicant will probably be a graduate in their thirties with a proven track record in investment research for a leading broker or asset management group. Experience of unlisted as well as listed companies an advantage. Self motivation and a commercial outlook essential.

Salary dependent on experience. Other benefits. Please send personal career details, including full particulars of relevant experience, together with a photograph to:

Martin Taylor
Vice-Chairman
Hanson PLC
1 Grosvenor Place
London SW1X 7JH

NEW STOCKBROKING COMPANY REQUIRES PRIVATE CLIENT BUSINESS EXECUTIVES OR DIRECTORS

A group of experienced business executives are creating a new Company which will offer comprehensive stockbroking and fund management services to the private investor. The group is now looking for individuals who have a private client base and who wish to influence the development of this organisation in line with current market requirements.

The new Company is to be privately capitalised and equity participation will be available. These positions are therefore likely to be of interest to individuals who feel that their own clients requirements are not being met from the facilities being made available through their present firm.

The Company will commence trading in August/September 1988 following successful Membership Applications to The Stock Exchange and The Securities Association. Comprehensive and efficient settlement facilities are now being implemented. Please apply, in Strictest Confidence to Box No. A0850, Financial Times, 10 Cannon Street, EC4P 4BY.

KINGSTON POLYTECHNIC

● *FACULTY OF BUSINESS & LAW*
KINGSTON BUSINESS SCHOOL

MANAGEMENT & BUSINESS DEVELOPMENT ADVISER

The appointed will be at Lecturer II/Senior Lecturer level. Up to £18,294 pa inc.

The Management & Business Development Unit seeks to extend their team of Advisers/Consultants, to provide management development in an increasing range of client organisations. The work involves helping senior managers to lead the growth of their businesses, by designing and running project-centred management development programmes within actual business situations.

The person appointed will be a graduate or hold equivalent professional qualifications, must have experience in a management role and a proven ability of establishing objectives and achieving results through other people. You must be aware of the significance of strategic and people issues in an organisation and possess the skills needed to work in these areas with senior management. The ability to establish credibility with senior managers in at least one of the following areas is essential; general management, finance, marketing, public administration, operations management, information technology or corporate planning.

We would be interested to discuss a secondment from industry to one of these appointments for a limited term.

For further details and an application form, please contact the Personnel Department, Kingston Polytechnic, Penrhyn Road, Kingston upon Thames, Surrey, KT1 2EE, telephone 01-549-1366 Extension 2153, quoting reference JS 334.

CLOSING DATE FOR THE RETURN OF APPLICATIONS: 16TH MAY 1988 BUT APPLICANTS WILL BE CONSIDERED UP TO SHORTLISTING DATE.

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Brook Street has better City Jobs

Settlements - to £22,000

Our client, a major City Merchant Bank, seeks 23-33 year olds to set up a new Settlements Department. Candidates will be fully experienced in any of the following:

Gilts and Fixed Interest Settlements
UK Equity Settlements
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Control of currency and sterling accounts

All positions are at Executive level and will involve training of new junior staff.

Please send your C.V. to Richard Higginson, Brook Street, 131-3 Cannon Street, London EC4N 5AX.

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BROOK STREET

Swiss Bank specialising in ship finance is looking for an EXECUTIVE

Who has an experience of ten to fifteen years in ship finance and preferably in Maritime Law, capable of a very conservative assessment of ship loan applications.
Compensation and benefits commensurate with the position.
If such a challenging activity appeals to you, please send your resume in confidence to the Personnel manager, Cipher........W 18-118559, PUBLICITAS, CH-1211 Geneva 3.

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ACQUISITION FINANCE

To £35,000

A leading international Bank has recently formed a Special Finance unit from elements of its investment and commercial banks. This unit handles major projects, aircraft leasing and corporate finance (MBOs, LBOs etc). To strengthen this team we are recruiting an experienced marketing manager with special expertise in acquisition finance. Additional experience in the aircraft, property and leisure sectors would be useful.

Contact Jocelyn Bolton

CREDIT AND CAPITAL MARKETS

c£30,000

Our client is one of the UK's most highly regarded merchant banks. A decision to more actively market its Capital Markets and treasury-based products to its UK corporate clients has created this opening. For the top-flight young banker working in relationship management, this role offers the chance to develop as a capital markets specialist within the context of UK marketing. Career prospects are excellent.

Contact Felicity Hother

PROPERTY MARKETING

c£25,000

Our client is a leading UK Investment bank, with an impressive reputation for the quality of its Property business. The Property team is responsible for developing strategies and financial packages including Investment and equity based products. Working closely with other professionals you will be responsible for maintaining and developing the Property portfolio. You should be able to demonstrate proven marketing and communicatioo skills backed up by a credit training preferably in a property based environment.

Contact Anita Harris

For further information please telephone 01-606 1706 or send a Curriculum Vitae to the address below.

Anderson, Squires Ltd.,
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Anderson, Squires

An excellent situation has just been created in London.

U.K. income tax rates are now lower than most other European countries. On the strength of this, Merrill Lynch are aiming to expand the services we provide to Private Clients.

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Do you have at least 2 years experience in banking, securities or insurance?

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Would you like to work for one of the largest and most creative global firms in the industry, which provides training and a wide range of relevant products and services with an involved, strong, non-competing and motivating management?

If so, contact Walter Elliott between 9am and 7pm on the 27th, 28th and 29th April or 3rd and 4th May on 01-581 7451.

Merrill Lynch

Pension Funds Investment

'A presence in the marketplace'

Our client, a leading international investment management group has recently combined its UK and Global Pensions businesses thus consolidating their presence in the worldwide pensions marketplace. Similarly, the pensions professional they now seek will have already established a strong personal presence in this market, therefore capable of undertaking this important pensions marketing role.

Much emphasis is placed on an ability to deal at senior levels. The orchestration and attendance of key client investment reporting meetings on a regular basis will involve close liaison with the Investment Directors. Deputising for the M.D. in all client support matters, specifically providing services to major UK pension fund clients will involve client and potential client contact with the most senior UK pension fund managements. In addition, you will maintain relationships with key consultants/consulting actuaries who advise these 'major name' clients.

Aged 35 to 45, your 'presence in the marketplace' will come from a strong background in either investment management or consultancy work in pension funds, following a degree or relevant professional qualification. You will also have plenty of drive, a high degree of professionalism and top communication skills.

Naturally, this senior appointment attracts an appropriate level of salary plus the range of executive benefits expected from an internationally successful financial group.

In the first instance, please write with full c.v. This will be forwarded direct to our client. List separately any companies to which your application should not be sent. Chris Plowman, ref. CP/B/17.

MSL Advertising

MSL Advertising,
32 Aybrook Street,
London W1M 3JL.

Credit and Marketing

A unique opportunity for an experienced bank lending officer

c.£40,000 plus benefits

Our client is a well-known international organisation providing specialised credit services to the corporate and investment communities.

As a result of rapid growth in the London office a person is now sought to contribute to the further development of the company's business with UK and European companies and investment institutions. This will require the development and management of relationships with the senior management of major UK and European companies.

The person appointed is likely to have had at least five years' experience of marketing banking and capital markets products to UK and European companies and will have had extensive credit training and experience. Language skills would be particularly valuable.

The salary is negotiable around £40,000, depending on qualifications and experience, and an attractive benefits package, including a car and non-contributory pension, will be offered.

If you would like to consider this position please write – in confidence – enclosing a CV to Douglas Austin, ref. B.7030.

MSL International

MSL International (UK) Ltd,
32 Aybrook Street, London W1M 3JL.
Offices in Europe, the Americas, Australasia and Asia Pacific.

Analysts

As a leading Securities House, our client now forms an integral element within one of the U.K.'s leading Merchant banking groups. Fleet Partnership has been retained to assist in the selection of outstanding analysts in the following sectors.

- Breweries
- Chemicals and Pharmaceuticals
- Textiles
- Banking and Financials

In order to qualify candidates will undoubtedly have already built a sound analysis on research reputation in the City.

Contact, in total confidence, **Elizabeth Sullivan.**

the *fleet* partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours)

NatWest International Trust Corporation Group

VACANCIES FOR TRUST OFFICERS & ASSISTANT TRUST OFFICERS IN THE CAYMAN ISLANDS

The NatWest International Trust Corporation Group, one of the largest Groups of Companies offering International Financial Services, wishes to engage Trust Officers and Assistant Trust Officers for its Cayman Islands Office.

Applicants for the Trust Officer positions should have at least a minimum of five years experience in their field, and possess the Institute of Bankers Trustee Diploma, a Law Degree or the equivalent professional qualification, while applicants for the Assistant Trust Officer positions should have a minimum of three years experience and have at least Part I of the Trustee Diploma.

The posts to be filled offer an attractive tax-free compensation package which includes allowances and annual return airfares for the officer and his dependants, a non-contributory Pension Plan, and medical and life insurance coverage.

Interested applicants should forward a full résumé of education, qualifications and experience to:

R. John Whillis, Vice President,
NatWest International Trust Group,
4 Finch Road, Douglas,
Isle of Man

who will arrange preliminary interviews with selected candidates in London. All applications will be treated in the strictest confidence.

MEMORANDUM

To: Graduate accountants/lawyers/MBA's, aged 25-32

From: Angela Britton

SUBJECT: INTERNATIONAL MERGERS AND ACQUISITIONS

Please note that a number of capable individuals, with 1-5 years' experience are sought by the international merchant banking arm of a global group.

Opportunities exist for Executives/Associate Directors in a salary range from c.£30-60,000 plus bank benefits.

Naturally, the environment is stimulating, the work challenging and the prospects for career development excellent.

To further your interest, please write to me enclosing a CV or telephone for a personal history form quoting ref. 5070.

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EXECUTIVE CONNECTIONS

3rd Floor 43 Eagle Street, London WC1R 4AP Tel: 01-242 8103
or call John Constable on 01-549 5519 out of hours

369 GALLERY

CONTEMPORARY SCOTTISH ART

BUSINESS CENTRE

The 369 Gallery is one of the most exciting arts organisations in Scotland. Situated in the heart of the Old Town of Edinburgh, and having recently completed an ambitious conversion of a three-storey building into a multi-purpose visual arts centre, it now requires a Business Manager to exploit the potential of these facilities. This post is for an initial six month period, and is being funded by the Arts Council of Great Britain under the terms of its new Incentive Funding scheme.

The successful candidate should be experienced in the preparation of business plans and the management of growth with a flair for marketing and development. Financial management skills and direct experience of the visual arts are desirable but not essential attributes. The successful candidate could be a paid secondment from the private sector.

Salary/fee negotiable. Applications and enquiries should be made to Diana Milne, Chairman, 369 Gallery, 233 Cowgate, Edinburgh EH1 1NQ, Tel: 031-225 3013.

The closing date for applications is 20 May 1988.

THAMES TELEVISION

THE CITY PROGRAMME RESEARCHER/JOURNALIST

We require a Researcher/Journalist to join the team that launched our successful financial weekly programme last Autumn. A background in financial journalism is essential; familiarity with television production techniques will be advantageous.

The position is a contract post within the Current Affairs Department at our Euston studio complex.

For an application form, to be returned by no later than the closing date, Friday 6 May 1988, please contact the Personnel Department on: 01-387 9494.

Thames is an equal opportunities employer and welcomes all applications regardless of sex, ethnic origin and marital status.

FINANCIAL CONSULTANT

We are seeking a FIMBRA member to be based in the Hampshire area to join us and be responsible for the development of our services in conjunction with a major UK stockbroker. The successful applicant will be over age 30 and have a minimum of 5 years experience in the financial services industry.

The post, which is salaried, includes a bonus structure, car, BUPA and a share option scheme.

Please write in the first instance with full cv to: D Scott, Managing Director, Weybourne Financial Services, Weybourne House, 2/4 London Street, Chertsey, Surrey KT16 8AA

FIMBRA MEMBER

PRESIDENT

American Graduate School of International Management

The president is the CEO of the institution, reporting to the board of trustees. The School is seeking an individual, who has clearly demonstrated effective leadership ability in academe, business, and/or government. Candidates will be considered on their overall strength and the most appropriate balance of the following qualifications:

- A Ph.D. or equivalent degree in business administration, economics, modern languages or international studies.
- High-level international business or government experience.
- Administrative experience as a university president, a vice president, dean or equivalent high position in government or business.
- Familiarity with foreign cultures.
- Capacity for leadership and commitment to resource development.

The School, known widely as "Thunderbird," grants Master of International Management degrees to more than 900 graduates each year and is ranked the nation's number one graduate school of international business.

President's Office c/o Founders Hall, Thunderbird Campus, Dep. V-4, 15249 N. 59th Avenue, Glendale, Arizona 85306

CORPORATE TREASURY DEALER

£50,000

This rapidly expanding Treasury House requires a very high achieving young (late 20s) Client Orientated FX dealer. Excellent communication skills coupled with thorough dealing experience including SWAPs, FRAs essential.

STEPHEN SHANAHAN

EQUITIES

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DR. ELSPETH DAVIDSON

01-439 1701

SENIOR MARKETING OFFICER		£35,000-£40,000

SENIOR MARKETING OFFICER — £35,000-£40,000

Major Merchant Banking Group currently seeks a Senior Marketing Officer to provide a marketing role for securitised debt, exposure management and investment instructions to financial institutions. Educated to a high standard with a thorough knowledge of corporate finance you will have a minimum of five years' experience in a financial environment coupled with well developed inter-personal skills normally associated with such a position.

FINANCIAL CONTROLLER — £35,000

Our client, a leading European Bank, seek to recruit a Financial Controller. Reporting directly to the General Manager, responsibilities will include company strategies, management information systems, manpower utilisation and accounting controls. It is essential that you are a qualified Accountant from a banking institution and keen to move into a more creative and challenging environment.

MARKETING OFFICER — £30,000-£35,000

A wide product knowledge together with solid marketing experience is sought by expanding Marketing Department. Establishing new and maintaining existing relationships with medium to major UK Corporates, you will ideally have experience in this client market.

JUNIOR MARKETING OFFICER — TO £20,000

Major European Bank offers the opportunity to a young Credit Analyst to move to a full marketing role. In-depth training and support will be given. However they expect the successful candidate to be 'up and running' in the near future. Previous International Marketing banking experience together with a degree are essential requirements.

JOSLIN ROWE
RECRUITMENT CONSULTANTS

Quantitative Analyst

Reporting directly to the Head of Research, the successful candidate will have a strong background in Maths or a Mathematical Science, possibly to PHD level, and some experience in analysing Fixed Interest Markets. Duties will encompass sales support, trader support and research, initially in Gilts but with a developing involvement in International Bonds.

The expectation is that this role will lead increasingly to direct marketing of research ideas to clients, and therefore, verbal communication skills will be critical to the progress of the successful candidate.

This position offers a challenging opportunity for the right candidate in an environment where Research is highly regarded, and where career prospects and financial reward are excellent.

Please apply in writing, supplying a full curriculum vitae to: Fiona Cartwright, Personnel Department, Kleinwort Benson Group, 20 Fenchurch Street, London EC3P 3DB.

Kleinwort Grieveson Charlesworth

Appointments Advertising Appears on Wednesday and Thursday

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Premium Positions

£57 s.c.c.

ACQUISITION ANALYST

£30,000 and bonus and car and pension

Acquisitions Analyst required for European holding company. Must have at least three years experience covering positions in UK, US and Continental Europe. Degree in business administration required. Excellent academic and work performance and at least one European language. Mastery of LOTUS or other computer based analysis essential. Ability to interact effectively with bankers, lawyers and accountants.

Applications with full CV to Susan Butler, PER, Rex House, 4-12 Regent Street, London SW1Y 4PP

CJA

RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

CJRA

GRADUATES IN BANKING

LONDON AND PROVINCES — **c£15,000 + FULL BANKING BENEFITS**

BRANCH BANKING DIVISION OF MAJOR UK INVESTMENT BANKING GROUP

Our client, the prestigious branch banking division of a major UK banking group, seeks applications from young graduates with 1-2 years' clearing/investment banking experience to join their expanding organisation in London or the provinces. Candidates should be committed to a career in branch banking and have completed at least part of the ACIB examinations. An outgoing personality, drive and initiative are key requisites for these appointments and the successful applicants will have the ability to assume early responsibility. Salary is negotiable with a full range of banking benefits. Applications in strict confidence under reference GB20866/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: CJRA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

Head of Institutional Relations

Property Development Company

Our client is a rapidly expanding property development group with offices in the North West, Scotland and London. They have a substantial development programme, principally in the retail shopping sector, with a current development programme in excess of £500 million.

They are seeking to recruit a Head of Institutional Relations, a new position, to develop close contacts with institutional property managers and to present the company's philosophy and prospects to the investing institutions. A prime responsibility will be to take a pro-active stance towards the institutions' property portfolios and offer suggestions regarding redevelopment and resale. The successful candidate will have a self starting, dynamic personality and will have a sound understanding of property development and financing. Aged in their late 20s to late 30s, candidates are likely to be working in the financial services department of chartered surveyors, the fund management arm of an insurance company or pension fund, or the property financing unit of a bank.

They wish to attract an outstanding individual to this post and are prepared to pay a highly competitive salary plus a comprehensive range of benefits, with the possible inclusion of share options in due course.

Applications, which will be treated in the strictest confidence, should be sent to:

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Television/Christopher Dunkley

The dangers of formula drama

Jeremy Brett in "The Return of Sherlock Holmes"

Drama is the most expensive type of television to produce. in the USA it now costs well over $2m an hour to make a series such as *Miami Vice* and in Britain the figure for a prestige series such as *Fortunes Of War* goes as high as £600,000 an bour. While the costs of other programmes (sport, curreut affairs, documeutaries and so on) have trebled or quadrupled in the past 12 years, drama costs have multiplied seven or eight times.

Yet there is uo shortage of drama. On the contrary, there seems to be more on offer now than at any time in the history of television. Moreover the choice is as diverse as it has ever been, from the soap operas – British and Australian – which now dominate the Top 10 (there are nine soaps in this week's chart, plus a repeat of the 25-year-old *Steptoe And Son*) to BBC1's *Talking Heads*, a series of subtle, funny and deeply intense monologues written by Alan Bennett.

But thet diversity is misleading. A survey of the drama currently on offer suggests that a large, and increasing, proportion consists of material produced to suit the demands of the marketing men, the exporters and the co-production departments, while an ever sbrinking proportiou results from the determination of individual authors to achieve self expression.

That is not to say, of course, that the marketing men's drama is all bad. Even though popularity is their chief criterion, and popularity is no guarantee of quality, it is not necessarily a guarantee of mediocrity either. The American television industry is governed almost eutirely by marketing men, and it is very rare that a single programme, let alone an entire series, emerges in the US from the genius of a single author. The reason for the absence of "aoteur theory" in television is, that, willy nilly, there are precious few anteurs.

However, if your prefereoce is for television drama that does not wring your withers, nor question your politics, nor face you with real sexuality, but which maintains a narrative line, develops sympatbetic characters, includes a little comedy, touches upou the broad social issues of the day, and generally provides a high level of entertainment – which is what millions of viewers *do* want at the relaxing end of a hard day – then there *is nothing* to touch American programmes.

Thanks to the heterogeneity of the USA's immigrant population, American television producers have to cater for a domestic audience-which is virtually a microcosm of the world audieuce. Learn to make programmes which simultaneously please America's Puerto Ricans, blacks, Italians, Germans, Scandinavians, Jews, Anglo Saxons and so on, and you can pretty well guarantee international success. Hence the global achievements of *The Untouchables* (from the fifties), *The Beverly Hillbillies* (sixties), *Dallas* (seventies) and *Cheers* (eighties) all of which are running in the British schedules at present, and in other countries around the world.

This month has seen the start of two more American series in Britain: *Legwork* and *Hooperman*. Both are ostensibly crime series, both are alarmingly easy to watch, and significantly both spend most of their time on matters other than crime. *Hooperman* is about a handsome young detective in San Francisco, and the plots of the first two episodes have involved the tenants of the apartment building which he has inherited, along with an irritating terrier, from his murdered landlady.

Both series display clear traces of their antecedents. *Hooperman* is the latest offering from Steven Bochco who created *Hill Street Blues* and *LA Law* and, once again, much play is made with the np-ending of stereotypes: Hooperman's police station is run by a woman; Hooperman is anti-macho and happy to join in a crying jag with his boss; the station's resident sex-mad police officer is a stunning young woman who is hell-bent on seducing the station's resident homosexual ("Under this uniform I'm wearing a sheer silk teddy" she whispers to him, simultaneously creating lust among male heterosexual viewers and winning Bochco brownie points from the anti-stereotype brigade – sheer genius!)

Legwork is a sleuthing series and, this being the age of Cagney and Lacey, the detective – who drives a Porsche and lives in a New York apartment – is a pretty young woman named Claire McGarron. It is not previous series such as *McCloud* or *Cannon* which have most clearly affected *Legwork*, however, bot *Moonlighting*. In this week's episode of *Legwork* the villainess wore a white Lycra bathing costume cut high on the thigh, a white silk cape, and gold hoop ear rings . . . around the house, and when the heroine passed a labourer with a pneumatic drill, instead of wolf-whistling and proffering an erect fore-arm he addressed her longingly in sub-Shakespearian rhyming couplets.

There is nothing wrong with all this, it is satisfactorily amusing, but whereas *Hill Street Blues* and *Moonlighting* came at you off the wall, with a striking originality of approach which brought them tremendous success, these new series have clearly been meticulously contrived to repeat the trick. In other words, what we have in *Legwork* and *Hooperman* is formula drama.

The same applies to a disappointingly large uumber of recent or current British offerings, though thankfully there are exceptions. Granada's series *The Return Of Sherlock Holmes* has got remarkable mileage out of emphasising Holmes's authentic eccentricity; BBC2's *A Very Peculiar Practice* did convey a truly individual voice, that of Andrew Davies; and with *Talking Heads* Bennett powerfully reinforces his claim to be considered one of the true anteurs of this medium. Patricia Routledge did him proud last night with her unerring portrayal of the middle class busybody in "A Lady Of Letters."

But *Sophia And Constance* looks and feels like the sort of thing the BBC drama department could produce on autopilot, and once you have seen classic adaptations as good as Granada's *Hard Times* and, above all, the BBC's own *Bleak House*, it is dispiriting to have to go back to material as mundane as this (though the fault may be partly Arnold Bennett's: perhaps The Old Wives Tale is one of his more boring books).

Worst of all, much of ITV's drama output in recent months has been looking more and more like the product of an industrialised system in which colour-coded sections are mass produced by factory robots and then bolted together by marketing men. The Sunday evening series *Gentlemen And Players* is a prime example: ths cars, the Sloane Ranger women, the locations, the City jargon, the leisure pursuits are all there – every constituent of the telly commercial lifestyle. What is missing is any hint that ths whole thing might have begun with somebody who had a story to tell. Each episode is like a 60-minute ad for Martini.

The sudden npsurge of drama from HTV is depressingly similar. *Codename Kyril*, *The Woman He Loved*, and *Wall Of Tyranny* all looked like determined attempts to fulfil precisely preconceived formulae: the sixties spy drama, the royal romance and the international romance.

The awful irony is that if the British *do stop* making outstanding and specifically British drama series such as *Jewel In The Crown*, *Edge Of Darkness* and *The Singing Detective* (all of which achieved big audieoces) opting instead for the international Martini drama, the laurels are going to pass to the Americans because, when it comes to international appeal, they are virtually unbeatable. Yet they do not set out with that in mind, they go for the domestic market (which in their case happens to be virtually "international") and the British should similarly stick to their last.

Nobody planned for *The Forsyte Saga* or *Yes, Minister* to sell globally: they were tailored for the British audience and proved later to have international appeal. That should continue to be the process if quality is going to count for anything, even if finance does prove more difficult.

Berio/Elizabeth Hall

Andrew Clements

The Loodon Sinfonietta's programme on Monday was conducted by Luciano Berio. It was, uevertheless, a low-key affair, less because of the playing or conducting (which uever fell below the Sinfonietta's conventioual standard of excellence) than the result of an insubstantiality in the programme. If there was a "theme," then it was folksong, transcribed faithfully in Ravel's *Deux Mélodies hébraiques*, tingeing the vocal lines in the Five Early Songs of Mahler that were heard here in Berio's orchestration, and forming the matrix of Berio's own *Voci*, subtitled "Folksongs II."

Completed in 1984, *Voci* is one of the most extensive of Berio'a recent orchestral scores, a half-bour rumination for solo viola (the poised and eloquent Aldo Bennici, for whom it was written) and large orcbestra around a clutch of Sicilian folk tunes. Its most telling passage is the opening, as the viola gradually awakens its colleagues in a long, nostalgic cadenza; there are many haunting felicities later too – the glittering instrumental combinations and melodic glosses so characteristic of Berio's aural imagination. But one is left with a feeling of material only partially explored, an expressive potential left untapped, that a work on such a scale ought to have exploited.

Berio also conducted the first British performance of a revised version of his *Requies*, another 1984 work, and one dedicated to the memory of Cathy Berberian. It is the latest in the sequence of pieces in which he explores the possibilities of a single peripatetic melodic line which is toured around a chamber orchestra, ever changing in colour and texture and sparking subsidiary activities as it finds new coutexts. Again it falls quite effortlessly on the ear, and again, equally effortlessly, out of the memory afterwards.

Berio's orchestrations of the Five Mahler Songs proved to be heavyweight – with some odd brass doublings where woodwind alone would have seemed sufficient – but clearly a labour of love. They were sung here by Thomas Hampson, self-consciously at times but unaffectedly in "Um schlimme Kinder artig zu machen", and with penetrating directness in "Erinnerung." The result seems a curious hybrid – neither a faithful recreation of Mahlerian orchestral style, uor a recomposition in Berio's own idiom, in which the two utterly distinct creative minds might have been inextricably intertwined.

Sore Throats/Theatre Upstairs

Michael Coveney

Alastair Muir

James Laurenson, Linda Marlowe and Hetta Charnley

Howard Brentou's 1979 play is given a revival both tender and fierce by Nancy Diuguid in the Royal Court's Theatre Upstairs. "We've got to go further with ourselves" says Judy, the abused divorcee who has blown the income from the sale of the house on an extended sybaritic binge with Sally, a rootless girl who came to rent a room and stayed for the party.

The girls' "experiment in living," in which no-one really does the washing up and imaginary boys are seduced in the dark, echoes the emotional shadow play downstairs ou the main stage, where Brenton's *Bloody Poetry* charts the pursuit of happiness in the Villa Diodati by Shelley and Byron.

The first act of *Sore Throats* (Brecht said "I have heard that lovemaking can give you a swollen throat. I don't want one.") is one of the finest and most savage things Brenton has written, ferocious and shocking like some of his early Portable Theatre pieces, but shot through with the melancholic sadness of a failed marriage. A policeman, a chief inspector, wants his half of the house. He smashes Judy in the mouth, kicks her in the face and asks "Why did you always let me hit you?" Sally turns up, chasing an ad she has monitored at the Evening Standard, and saves the day.

The room is spare, bathed in a livid green light, Jack's pen-knife lies worryingly open ou the scrubbed boards. The tension is superbly maintained in the performances of Linda Marlowe and James Laurenson, the one bleached out and lonely after 20 years of misery, the other desperate to subsidise with marital booty a somewhat sordid new liaison with the unseen Celia.

After witnessing a scene of barbaric violence, we hear Judy read from a letter her son has sent from Africa about rough justice administered to a petty thief. Judy's physical disgust at this account is deeply ironic after what she has just undergone. But she is put on the rails of revenge by Hetta Charnley's cheerily participatory experimentalist, and the short second act reveals the women still wrestling to wrench a once-and-for-all experience into their lives, wbere everything burns. This is the classic Brenton theatrical statement, the urge to make it happen, luridly, now.

The woman-beater crawls back from the boat train, sopping wet, and pathetically recounts how he helped Celia give birth after he bad crashed their car in the Canadian outback. The tables are turned, for the women are now strong together. He is taunted with wanting to abuse his own offspring, and Jndy burns the rest of her money. The baby, it transpires, is a fraud, which only goes to show that a policeman's lot is not a nappy one.

It is incredible to think that, ten years ago, Brenton was attacked by feminists for this deeply moral, beautifully written play. Its bitter bumour is particularly well handled by the cast, and the production is ingeniously designed by Fotini Dimou and cunningly lit by Kevin Sleep.

Temptation/Pit

Martin Hoyle

Goethe still plays in Hammersmith; Marlowe arrives in Waterloo later this week; and a sardonic *mitteleuropäisch* version of Faust has materialised in the aptly subterranean purliens of the Barbican's Pit, where Václav Havel's black *danse macabre* on the quicksands of totalitarian bureaucracy nnderlines the perennial appeal of the metaphysical bargain-hunter.

The journey from Stratford to London is one that can leave the more perishable productions as limp as week-old lettuces; but Roger Michell's direction finds this beautiful piece of ensemble-playing iceberg-crisp, much as it was wbeu Michael Coveney praised it a year ago at the RSC's Other Place. The allegory of supping with the devil and finding that you're the main course is played against the background of a scientific institution in (let us say) present-day Czechoslovakia. Dr. Foustka dabbles in necromancy in private and conjures up a smelly tramp-like emissary from Avernus, who provides David Bradley with another distinguished portrait for his current RSC gallery (Cymbeline and Aguecheek included). Betrayed to his superiors for this unscientific behaviour, Foustka becomes entangled in bluff, double-bluff and equivocation.

The play's mood initially recalls the early, intimate comedies of Milos Forman, especially at the institute's sad little social where the dancers move to Jeremy Sams's bittersweet banal waltzes or vacuously perky two-steps. The atmosphere's mixture of menace and absurdity is perfectly caught with repeating verbal patterns, like musical themes, as the edgy staff tosses certain nervous phrases around: "Have you had your soap-ration?" "Did you sleep well!?" "Looking forward to the social, are we?"

Alastair Muir

John Shrapnel

As a mnch-victimised dissident, Havel has seen no play of his performed eince 1969, with one police-interrupted exception. One only hopes he knows how proudly productions like this keep his flag flying. In the general cat's cradle of spying, lies and betrayal there are fine performances. John Shrapnel's Foustka exudes common sense, splendidly deflating the portentous and the sinister until it's too late. Barrie Rutter is snperbly odious as the sneaking Deputy Director, Shirley King hilarious in the smirkingly silent role of his compliant wife, Julie Legrand, who uothing common does or mean, is the stylish mistress whose tastes run to sado-masochistic fantasy (and possibly betrayal). But selection is really invidious since this is RSC teamwork at its best.

Hakan Hagegard/Elizabeth Hall

David Murray

Hagegard's *Winterreise* yesterday counted not only as an "End Game" in the current South Bank series, but as a "Late Lunch" too – later than was comfortable for a few members of the large audience, though Hagegard took only a reasonable seventy minutes over Schubert's cycle: the last songs were punctuated by embarrassed departures. (The Smith Square luncbtime coucerts are luckier, protected by the decorum required for live broadcasts.) The Swedish baritone's concentration seemed not to be ruffled; in fact he had been learning better and better how to cope with this awkward hall as the cycle proceeded.

Hagegard'a pleasant, lightish baritone has long been familiar to lovers of Ingmar Bergman's TV *Zauberflöte* (he was the Papageuo), and it hasn't changed much. He uses it with poise and clarity; without a strong lower register, he relies upon intelligent placing and contrasts to achieve something like the due breadth for *Winterreise*. Deep brooding is not an effective option for him, and sensibly he kept to generally brisk tempi. Early on, some dry vehemence (in "Gefrorne Tränen", for example) emerged almost pitchless; but later in "Irrlicht" he tossed light higher phrases into the air artfully and tellingly, and spun out the final songs on an affecting thread of tone.

This appealing, coolly expert performance got a still cooler accompaniment from the young American Warren Jones. His technical mastery of Schubert's piano-parts was beyond question; his swiftness was sometimes a little relentless (one felt the authentic weary trudge for the first time only with "Einsamkeit"), and he was too modest to make time for his own nuances. The hurdy-gurdy of the closing song was smooth and not at all eerie. In a few places he over-balanced his singer – but creditably fewer than might be expected from a strong accompanist venturing into this difficult hall.

Arts Guide

April 22-28

Theatre

LONDON

The Common Pursuit (Phoenix). Second London chance for flawed Simon Gray comedy about Cambridge graduates in love. Author directs good young cast of post-Python comedians including Rik Mayall and Stephen Fry. (836 2294, CC 240 9661)

Easy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Fever, but worth seeing. (379 6107)

Bloody Poetry (Royal Court). Howard Brenton season inaugurated with this fine play about Byron and Shelley, a fierce meditation on the unloved artist in exile. Sian Thomas a notable Mary Shelley. Max Stafford-Clark directs. (730 1745)

A Touch of the Poet (Comedy). Vanessa Redgrave and Timothy Dalton in prolix but fascinating O'Neill play set in the aftermath of the European republican upheavals. Dalton is Con Melody, a Byronic wreck pipe-dreaming in the bar, Redgrave his loyal hut defeated spouse. (930 2578, CC 839 1438).

South Pacific (Prince of Wales). Traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair.

Shirley Valentine (Vaudeville). Pauline Collins in fine and funny monodrama by Willy Russell of liberation for a Liverpool housewife on Corfu. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444). Ends April 30.

The Phantom of the Opera (Her Majesty's). Spectacular, nourishing new musical by Andrew Lloyd Webber. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City of London comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. (836 3028, CC 379 6565). Ends April 30.

Back with a Vengeance (Strand). Barry Humphries, indisputably the outstanding vaudevillian of the age, has extended his triumphant London season to July 9. Dame Edna Everage has now earned full immunity to good taste, while the bibulous diplomat Sir Les Patterson touches new heights of degradation. (836 2660/4143)

Hapgood (Aldwych). New Tom Stoppard mixes espionage, romance and higher physics in a splendidly taut and clever entertainment. Felicity Kendal is the eponymous intelligence agent, Rogert Rees and Nigel Hawthorne in elegant support. Double meanings and double identities abound. (836 6404, CC 379 6233).

NEW YORK

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with the powerful tale of an old baseball player raising a family in the 1950s, trying to improve their lot but dogged by his own failings. (221 1211).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's poetry set to trendy music is visually startling and choreographically feline. (239 6262).

A Chorus Line (Shubert). The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up, silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor, preferably British. (947 0033).

WASHINGTON

The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lily Tomlin repeats her Tony-award winning solo performance of the crazy people who inhabit her funny and strange imagination. One major segment explores the women's movement over the past decade. Ends June 26. (254 3670)

The Mystery of Edwin Drood (Kennedy Centre Opera House). The Broadway hit musical based on Dickens' unfinished novel features the music of Rupert Holmes for which the pop composer won a Tony. Ends May 1. (254 3770).

TOKYO

The Wars of the Roses (Tokyo Globe Theatre, Shin-Okubo). The English Shakespeare Company opens Tokyo's newest theatre with Michael Bogdanov's lively and inventive production of Shakespeare's English history plays. The theatre was designed by RIBA gold medallist, Arata Isozaki, as a witty pastiche of the Elizabethan original. A bare stage throws the focus onto the actors and onto costumes that range from medieval through Victorian to punk. Barry Stanton's fine Falstaff in Henry IV is an excellent foil to Michael Pennington's angular Prince Hal. In English. Six plays in repertory. (343 4751).

Hanshin (Theatre Apple, Shinjuku). A recent survey indicated that Yume no Yuminsha is the most popular theatre group among today's young generation. Hideki Noda's productions are complex fantasies with a strong vein of surrealist humour, rather as if Monty Python were invited to attend a traditional Japanese street festival. Noda himself is a high-energy comic performer of great charm and the entire company is skilled in song, dance and acrobatics. Hanshin (half-god) is about Siamese twins and attempts to separate them, but the plot is less important than the outpouring of visual invention. Total Theatre at its most exuberant.

Yamato Takeru (Shimbashi Enbujo). This staggeringly successful super-kabuki production by the kabuki theatre's greatest showman, Ichikawa Ennosuke, has already broken all the records that a new show can possibly break in Japan. Its sheer size and spectacle put it in the same category as the most extravagant Broadway musical. (541 2211). Ends April 28.

Saleroom/Antony Thorncroft

Top price for Canaletto

Phillips managed the top price of the day, with the £165,000 paid by the Artemis Group for a small Canaletto painting, and an unusual one, of the church and campo of Santa Maria Zobenigo in Venice. So untypical is it that at one time it was attributed to Bellotto, bnt its provenance seems secure enough now, and the price was five times the estimate.

The Old Master auction brought in £718,410, with 22 per cent unsold. Hazlett Gooden & Fox bought "Daedalus fixing the wings of Icarus," attributed to Il Battistello, for £74,800, four times forecast, while a telephone bidder secured a view of Naples by Joseph Melgarejo for £50,600, against fierce competition. A Jacob Ruisdael scene of a waterfall was on target at £49,500.

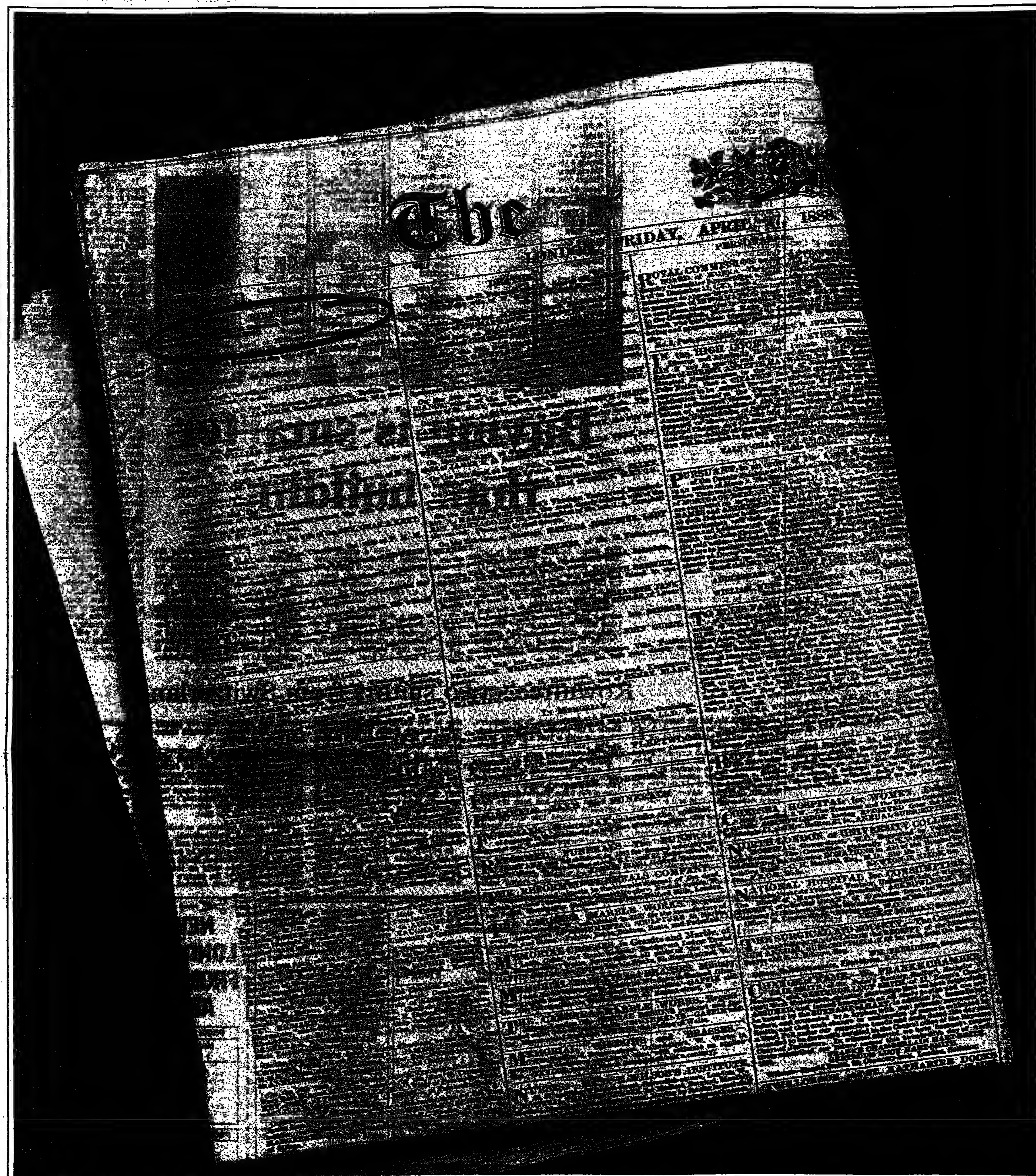
Across at Christie's English drawings and watercolours did well, bringing in £315,732 with only 7 per cent unsold, and with most top prices way above estimate. None more so than the £33,000 paid by dealer Roy Miles for a tiny watercolour, five inches by four, by Millais, a copy of his famous painting, now in the Tate, "The order of Release." This work, showing a Highland wife handing to a suspicious English soldier the warrant for the release of her husband, imprisoned after the '45, was so popular among Victorians that Agnews gave Millais fifty guineas to make this tiny copy in 1863. In 1901 Agnews bought it again for 170 guineas. Yesterday it carried a £6,000 top estimate but obviously its appeal lingers.

Archibald Thorburn's paintings of game birds remain very popular and a price of £23,100 was paid by a private collector for a cock and hen pheasant in a glade. Andrew Nicholl is also in demand and a pretty view of flowers in Londonderry trebled its estimate at £19,250. Hazlett Gooden & Fox was busy again, acquiring a drawing by Rossetti of his mistress, later his wife, Elizabeth Siddal. Executed in 1860 it shows her already a victim of laudanum addiction. In 1883 the sketch sold for less than five pounds.

The Andy Warhol sale at Sotheby's in New York trundles on, and on Monday another $567,000 was added to the running total. Top price in a session devoted to minor paintings was the $8,776 paid for a 1984 untitled painting by George Condo.

Meanwhile back in London an Italian collector bought a Purdey 12 bore single trigger sidelock ejector gun, engraved by Ken Hunt, for £22,000. In a coin sale Baldwins bought a 1913 Wilhelm II 20 marks, gold, minted at Stuttgart, for £7,700, way above forecast. An Australian penny token, produced in Melbourne in 1855, showing the head of Lord Raglan, of which only two are known, realised £6,600, to Spink.

At Phillips furniture sale, rugs were out of favour but furniture did well, with a top price of £11,000 for a pair of Regency carved rosewood and brass mounted elbow chairs, which had a top estimate of £1,500.



We've been making news ever since.

Lawrence of Arabia is born this year, Marconi still at school. Robert Browning, though, has only one more year to live. The Fall of Khartoum and the death of Gordon are still vivid, but it will be another eight years before Kitchener's victory in the Sudan.

In Britain, Victoria is in her 51st year as Sovereign, and income tax is lowered a penny to 6d. Gilbert and Sullivan are in full swing. So is W. G. Grace.

Bicycling is increasingly popular too, and Dunlop invents the pneumatic tyre.

Lord Kelvin and Messrs Edison, Lister and Bell are also pioneering, but the future of the horse for road transport looks shaky. The electric tram is making inroads. More significantly, Priestman in Hull have developed the first 4-stroke oil engine, forerunner of the modern petrol engine.

Petrol is a derivative of paraffin, or lamp oil. And in Britain in this year 1888, a new company is formed to introduce mineral lamp oil to millions, the first widely available cheap source of light this country has ever known.

Today, one hundred years on, you know that company as Esso.

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Wednesday April 27 1988

The conduct of newspapers

BRITAIN'S Press Council – the body set up by the industry to try to maintain standards in the print media – has not recently been performing very well. How far this is the fault of the council itself, whether its powers are inadequate, or whether sections of the media have simply decided that they can afford to ignore it, are open, though related, questions.

What is indisputable, however, is that matters cannot be allowed to go on like this. On the one side, there is the possibility that journalistic standards will decline further, thus bringing the press into greater disrepute. On the other, there is a growing chance that parliament will seek to take measures to compel the media to put their house in order. A continuing fall in standards would, of course, make the second possibility more likely.

Some of tha failings of the press hardly need to be rehearsed. There is the intrusion into privacy, which is resented by those at the top of society as well as those less elevated. There is the manufacturing and embroidering of quotations. Not least, there is the use of money to persuade individuals to supply their story to one particular paper. None of that is defensible.

Extra bureaucracy

The case against regulation by statute perhaps needs some spelling ont. At bottom, statutory powers over the press would mean censorship. Even if it were censorship of the most benevolent kind, it would still mean an extra layer of bureaucracy. Someone outside the press would have to decide what should or should not be published and to exact punishment if the rules were broken. Moreover, there are grey areas. Not everyone agrees on what is beyond the realms of decency or on what is, or is not, in the public interest. Statutory regulation would almost certainly lead to the suppression of some stories that ought to be published. It would also produce a running conflict between the press and the regulatory authorities, possibly with frequent resort to the courts.

Yet the pressure for regulation is mounting. There have been two recent Private Member's Bills before the House of Commons, one trying to suppress a particular item in The Sun and another calling more broadly for readers to have a statutory right of reply to newspaper articles. These pressures, which come from left and right alike, will grow if the press does not reform itself.

Stronger council

Quite the best way forward is to make a determined effort to strengthen the existing Press Council. Sir Zelman Cowen, the present chairman, has speeded up the council's slow procedures. But he has been remote from the press and has lacked the power to influence. Some newspapers have ignored the council. Others have been printing Press Council rebukes of their stories on deliberately obscure pages. Sir Zelman, doing a part-time joh from an Oxford college, could do little about it.

The appointment of a successor is imminent. The new chairman will have to regard his activities as almost full-time. He will have to talk quickly to the proprietors as well as editors of those newspapers that frequently transgress to see if they are ready to change their ways. And he will have to seek a voluntary agreed code of conduct that includes a right of redress to the reader when newspapers overstep the mark, as well as punishment for the offenders. If such an agreement is not reached soon, the new chairman will have to point out that the case against statutory action will begin to lapse.

All newspapers, however hard they try to check their facts, will make errors from time to time. The policy of the Financial Times is to correct factual errors promptly, while the letters column is open to readers who disagree with our opinions and judgments. Sometimes there are disputes about accuracy or fairness which cannot be resolved. While recourse to the law is always an option, it is in the interests of newspaper readers and the newspaper indnstry, including the FT, that the Press Council should be seen as effective, forceful and impartial in monitoring standards and responding to complaints.

Mexico sticks to austerity

UNOBTRUSIVELY, the Mexican Government has been confounding the sceptics at home and abroad with its economic performance. The cut in the public sector deficit, the increase in non-oil exports, the accumulation of reserves and the drop in inflation against a background of tight economic management, offer overwhelming proof that President Miguel de la Madrid is not ducking his responsibilities in the last year of his six-year term. As a result Mexico is raising itself head and shoulders above Argentina and Brazil, the other two main Latin American debtors, in economic management, and demonstrating what can be achieved in a relatively short space of time with coherent policies that are not side-tracked by political in-fighting.

There was a moment late last year in the wake of Black Monday (and an even more spectacular crash in the Mexican stock exchange) when President de la Madrid hesitated to take unpopular decisions. The temptations were real enough: should he risk being the one recent President to have presided over a 'sexennio' of zero growth and exit on an unglamorous record of technocratic management, leaving a sonnd long-term base for his successor?

In the event the lessons of his predecessor's disastrous last-minute act of populism, the bank nationalisations, seem to have been well learned. He also has had enough faith in Mexico's own particular political system, dominated by the institutionalised presence of the PRI, to act on the basis of continuity. Thus in an electoral year, instead of handing out sweeteners, he has opted for austerity and even temporary recession.

Need for courage

This was what was needed to tackle high inflation and a public sector deficit equivalent to 16 per cent of gross domestic product. Nevertheless, it required courage. Since December, when the stabilisation programme was introduced, real wages have fallen further and credit has heen tightened. In the first quarter of the year this produced visible popular discontent, even forcing Mr Carlos Salinas de Gortari, the PRI presidential candidate, to adjust his campaign strategy.

However, the Government has stuck to its objectives. The latest evidence of this resolve can be seen in last week's major privatisation of state interests in the copper industry. It disposed of Caninea, a sale which incidentally showed that the administration was resisting tha old temptations to benefit private sector monopolies.

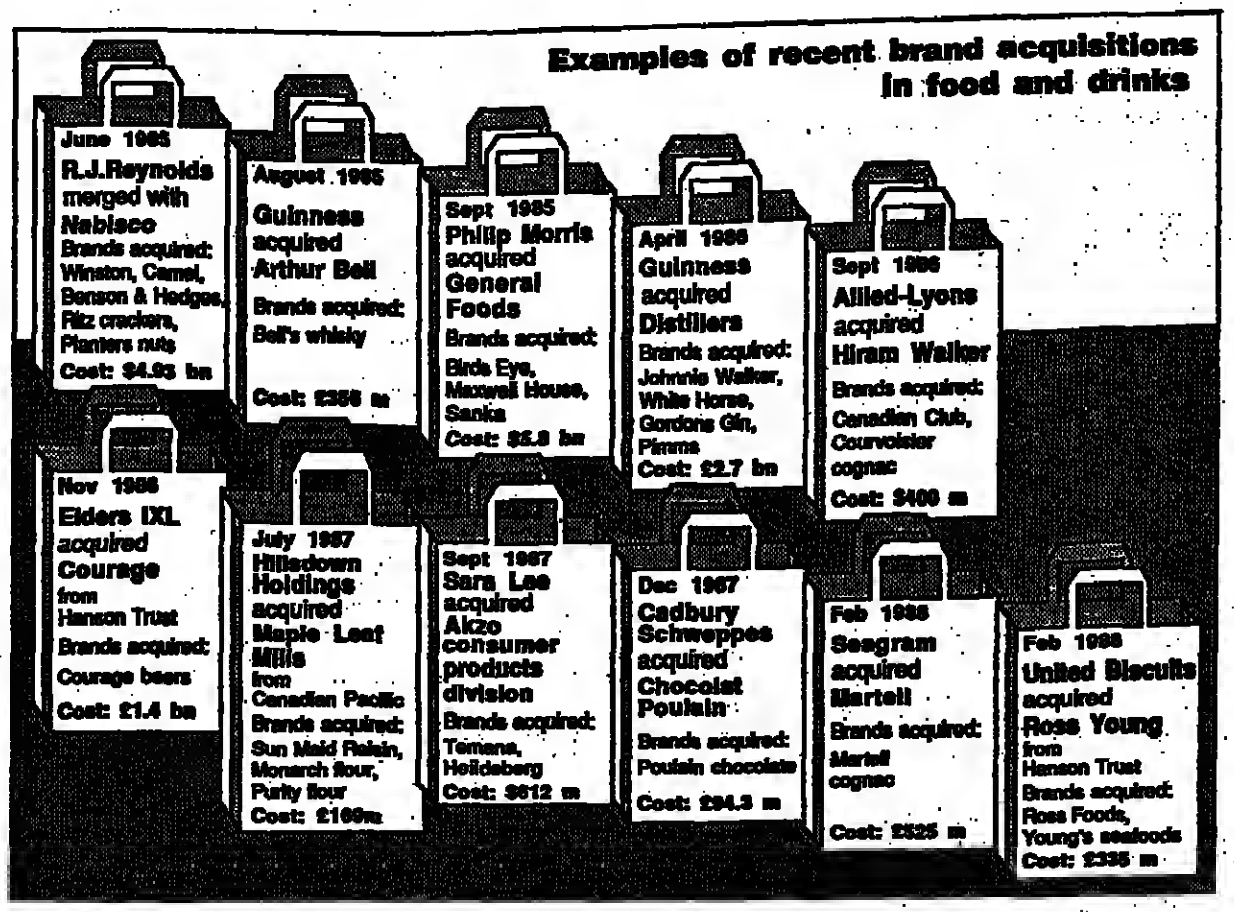
Orthodox approach

The De la Madrid Government will not reap the direct rewards, unless it wishes to be irresponsible in stimulating an early recovery. Mr Salinas, who seems almost certain to win the presidential elections in July, wisely recognises this and has given every indication of being anxious to maintain an orthodox approach. He will rely on a further slimming down of the public sector, a realistic exchange rate, trade liberalisation to help with domestic prices and encouragement of the trend eway from dependence on oil exports. He also has a sufficient cushion of foreign reserves to pay for increased social welfare if wage purchasing power continues to lag behind inflation.

Some elements from the Mexican experience can travel elsewhere in Latin America, most notably consistency in establishing a long-term framework for lessening state intervention and deregulation. However, Mexico possesses a more unified decision-making process; it has a Government open to little real challenge from opposition, a more obedient trade union movement, and it benefits in many intangible ways from proximity to the US.

The De la Madrid administration has achieved results by following the prescriptions considered necessary by the international financial community. In following this path at considerable sacrifice, Mexico is likely to expect some recognition for its efforts. To return to sustained growth, external funds are still going to be needed.

Christopher Parkes and Lisa Wood analyse Europe's battle for brand-names after Nestlé's bid for Rowntree



Buying is smarter than building

YESTERDAY'S attempted coup in the European chocolate market offers Nestlé e rich and enduring prize. The capture of Rowntree would promote the Swiss food group from fifth place in the Continent's chocolate confectionery rankings to top position with about a 20 per cent share of the market.

This single stroke would give it double the clout of rivals Suchard, Ferrero and Cadbury, displace Mars from its top spot with a 17 per cent stake, and make Nestlé's chocolate business into a worthy stablemate for its thoroughbred coffee and dairy products businesses.

In broader terms the bid continues – and will probably serve to accelerate – the process of polarisation in consumer goods manufacturing which is sweeping ever larger collections of national and international brands into the portfolios of e select group of multinational companies.

It has happened in durables, where Electrolux has come to lead the world market in domestic appliances. Companies like Unilever, Procter & Gamble and Colgate Palmolive rule supreme in household and personal products. Grand Metropolitan and Guinness, Seagram and others seek dominance in drinks.

The single common target is to build companies to a size with the critical mass to match the extraordinary recent extension of markets beyond national boundaries. This has been encouraged hy cultural cross-fertilisation and increasing homogeneity of tastes. It is being institutionalised by projects like the European Community plan to complete the internal market in 1992.

The common means of achieving the target is the purchase of companies packed with brands: named products which have as far as possible a universal appeal. Price, it seems, is no object. More than half Nestlé's £2.1bn offer for Rownstree is for the goodwill in names like Quality Street, Lion and Kit Kat.

Recent experience has shown that managers believe takeover is the surest – and certainly the speediest – way into the new global marketplace. Unilever struggled and failed for years to build a personal products business in the US. Product after product and brand after brand stumbled and fell as Procter & Gamble, Colgate and other rivals turned up the marketing pressure against the interloper. Just over a year ago Unilever cut its losses and transformed its fortunes by splashing out more than $3bn on Chesebrough-Pond's collection of Vaseline, Pond's and Cutex products.

Of course, it is possible to build brands from scratch, as Lever has shown in Britain with the development of Wisk liquid detergent and Mars demonstrated with its Tracker confectionery bar. But the risk is high and launch costs can be phenomenal. Recent estimates suggest that current advertising and marketing costs for a new brand in Britain are between £7m and £10m in the first year alone.

High television advertising rates in the UK have attracted much unfavourahle comment recently, but they are high simply because demand is high. And demand for air time has grown because it is now impossible to persuade the powerful multiples dominating the retail trade to stock new products without guarantees that they will be promoted to the hilt.

"Brands are very valuable items. It takes a long time to build a brand. It takes more and more money today to build one and you are not always assured of success," says Mr Reto Domeniconi, Nestlés chief financial officer.

Strong names, with a strong consumer franchise, afford manufacturers the muscle to demand shelf space and, because of carefully nurtured image-making, the ability to command higher margins than commodity-priced products or those sold under retailers' own labels.

Armed with a wide range of brands, manufacturers are in a stronger position to negotiate with distributors and supply them more efficiently from single sources than smaller producers shipping a handful of lines.

There are other forces driving the rationalisation of consumer products industries. In the alcohol business, for example, static consumption levels and the resultant fierce competition have prompted some to seek to sell out and leave the game to the major players.

The food business is similarly affected, although until recently few companies – with the exception of Nestlé and Unilever – have attempted to establish a global or even a pan-European strategy. Because taste in food is considered to be one of the most intransigent national or even regional characteristics, companies have tended to be nationally focused.

However, starting on the fringes (such as the confectionery trade) the process of international concentration has begun as the hard edges of national preference have become blurred. Pasta, an Italian speciality is now an international product. Accordingly, BSN, the French-based food group, has purposely built itself into the second largest pasta maker in Europe and continues to pursue a vigorous acquisition programme. In the past two years it has bought Sunnen-Bassermann, a German pasta and soup maker, and stakes in five Italian pasta producers. Similar tactics have taken BSN to world prominence in the yoghurt market.

Meanwhile Rowntree has been engaged in a tough battle for the last 20 years to establish its products in mainland Europe. Now there is growing evidence that the York-based group may have got its European operations right, with growing profitability from brands such as Lion bar, Polo mints, After Eight chocolates and Quality Street.

Difficulties in establishing the business, with production plants located on the Continent, have been legion. To begin with there was naive optimism over challenging Continental eating habits and the group went for a broad-brush approach with the introduction of several brands. The number has since been cut down. "Concentration of marketing resources on a smaller number of brands takes courage," says Mr Gordon Neal, deputy chairman of Rowntree'a European division.

The company started production on the Continent in the 1970s and quickly adopted the potentially cost effective policy of serving national markets from central factories. All Kit Kats for the Continental market are made in Hamburg, Quality Street in Dijon and Lion Bars in Paris.

However, plant efficiency was hindered because different national markets demanded product sizes geared to their own customers. Rowntree has faced a prime challenge in reducing this variety of package sizes. Some success has been achieved, and has helped improve efficiency and profit margins, but these are still lower than in the UK. A more pan-European approach to advertising has been adopted, leading to greater central control with local adaptation as necessary.

But the increasing internationalisation of consumer products means that Nestlé's takeover attempt may well have a catalytic effect. It may prompt more bids for Rowntree – and Hershey of the US is known to be interested in a European adventure. It will also remind other ambitious companies eyeing the world stage that there will be relatively few opportunities to acquire a brand group of such standing.

Once those household names are locked up inside a giant multinational like Nestlé, it will be almost impossible to prise them loose again. It will be an even more daunting task to compete against them.

Rowntree's two suitors from Switzerland

NESTLE'S £2.1bn bid for Rowntree was clearly designed to smother Suchard's earlier, more tentative, raid on the British company.

But Suchard, which acquired a 14.9 per cent stake in its April 13 dawn raid, should not be counted out. Last year it showed the nimbler footwork when winning control of Cote d'Or, the Belgian chocolate maker, before its great rival Nestlé could seal a bid.

And Nestlé's L1,600bn ($1.3bn) bid last month to buy the assets of Buitoni, Italy's pasta and confectionery group, from Mr Carlo da Benedetti, was a snub to Suchard, which has made no secret of its desire to expand its confectionery business in Italy. Buitoni owns the chocolate company Perugina.

In overall size there is no comparison between the two Swiss concerns. Nestlé is the world's biggest food manufacturer with a 1987 turnover of SFr 35.2bn ($25.4bn). Jacobs Suchard's total sales last year were SFr 6.1bn.

Things are more even in chocolate and confectionery, however, where Suchard's sales reached SFr 3.5bn last year compared with Nestlé's worldwide sales of SFr 2.8bn. Moreover, Suchard's Mr Klaus Jacobs has been the more aggressive recently, as befits a newcomer. He moved into the chocolate market only in 1982, when he merged his coffee business with Interfood, the parent of Suchard and Tobler.

In coffee, the companies are also fierce rivals. Jacobs Suchard has been trying to steal a share of Nestlé'a market for decaffeinated coffee while Nestlé has been attacking Jacobs' leadership in the European ground roasted coffee business. Nestlé, which launched Nescafé in 1938, is the world's leading producer of instant coffee.

Both can deploy well-filled war chests. In 1985, Nestlé, paid $3bn for Carnation, the US foods group. Yet it still possessed liquid assets amounting to just under SFr 7bn at the end of 1987. Suchard's cash, at SFr 705m, is not in the same league. But its balance sheet is healthy: shareholders' equity is equivalent to 37 per cent of its total capitalisation. Yesterday its annual general meeting approved a capital increase through a 1-for-5 rights issue.

In buying up shares of the international chocolate and confectionery market both companies benefit from Swiss accounting practices, under which assets can be greatly understated and hidden reserves legally accrued. This financial strength underpins Swiss aggression.

Suchard's approach to Rowntree is meant to reinforce its position in a European market in which Mr Jacobs argues expansion is becoming increasingly difficult. But Suchard's ambition is to match Nestlé's global range and Mr Jacobs also saw in Rowntree's Commonwealth links new opportunities, particularly in the Far East.

Nestlé's recent expansion, as befits a long established multinational, has had wider product objectives and been motivated at least partially by geography. Mr Helmut Maucher, Nestlé managing director, said early on that he wanted one-third of the group's business anchored in North America. This was achieved with the purchase of Carnation.

Until recently Nestlé seemed more inclined to expand in other sectors than chocolate. Companies were bought and new products launched in the coffee, refrigerated foods and fast foods. Even pet foods were developed.

Suchard's pugnacious approach in the confectionery business, typified by its snatching of Cote d'Or and its acquisition of the US company E. J.Brach in 1986, has reawakened the giant's ambitions – and perhaps shown it opportunities waiting to be grasped.

William Dullforce
in Geneva

OBSERVER

German at Nestlé

The business career of Helmut Maucher, the burly West German leading Nestlé's raid on Rowntree, has been very much that of the private with e marshal's baton in his knapsack. He started work as an apprentice in Nestlé's factory at Eisenharz, near Lake Constance.

In command for the last seven years at Vevey, the group's headquarters on the shores of Lake Leman, he planned the series of strategic acquisitions that have secured Nestlé its present dominating position in the foods business.

His blunt style of management and his tendency on his travels to take local managers into the shops selling their products are also credited with restoring morale after the traumas Nestlé suffered in the 1970s when strong marketing of its infant foods provoked charges that it was killing babies in the third world.

An adaptable character, Maucher quickly dispelled doubts in Vevey about having a German in charge of Switzerland's biggest multinational. He learnt French and serves local Swiss wines to his guests.

He prefers reading in his spare time, but plays the occasional game of golf because, he says, it is a sport ha can practise with his wife.

In earlier days Maucher supported West Germany's liberal Free Democrat Party, but broke away when it went into a coalition with the Social Democrats in 1969. He is an irredeemable capitalist. Private enterprise and capitalism, he states, make up "a fantastic system" for developing freedom and prosperity.

Armstrong's prize

In terms of merit, there is absolutely nothing wrong with Lord Armstrong of Ilminister, the former Cabinet Secretary, being appointed chairman of the board of trustees of the Victoria and Albert Museum. He is a cultured man and has access to practically everyone.

Some day, however, more people are going to notice that such official appointments are drawn from a fairly narrow base. The authorities might begin to trawl a little wider, even if they come up with a distinguished ex-civil servant in the end.

Missing Manchester

The peerage of the realm is suffering from a surfeit of Manchesters, which is proving disconcerting and embarrassing for the Duke of Manchester who lives at Kimbolton near Cambridge.

The Duke visited Los Angeles recently to find that a Lord Manchester had preceded him and left all his hotel bills with the consul general. The Duke had a hard time explaining.

Now ha finds that the Yorkshire Robin Hood Society has someone calling himself Lord Manchester as its patron. Lord Sean Manchester, as he ha signs himself, believes he is descended from Lord Byron.

Ha has written a book called the Highgate Vampire and thinks that since Robin Hood died when he was bled by the Prioress of Kirklees, she too may have been a vampire. Barbara Green, president of the Yorkshire Robin Hood Society, is quite impressed with this theory and says that she was flattered to receive the patronage of his lordship. She had never heard of the Duke of Manchester.

The Duke is keen to ascertain whether Green's Manchester has been to Los Angeles recently, but finding him is not easy. He uses a Post Office box number and says he is a member of the London Robin Hood Society run by John Pope de Locksley who thinks he is the rightful Earl of Huntingdon.

The Robin Hood Society, based in Nottingham, knows of both rival organisations but cannot shed any light. President Jim Lees said: "I am always getting stuff in the post from this Lord

Manchester but I throw it in the bin."

Tebbit tamed

The trouble with Norman Tebbit, former chairman of the Conservative Party, is that he is neither as fierce nor as radical as he likes to pretend. We always knew that he was a nice man at heart; now, however, ha seems to have run out of ideas.

On Monday evening Tebbit gave the inaugural address to the Radical Society, a rag-bag of political activists most of whom have previously belonged to at least one other party. They include Lord Chapple, the ex-communist and former leader of the EETPU electricians' union; Lord Marsh, once a protege of Hugh Gaitskell; Brian Walden, an ex-Labour MP turned television personality; and a few others like John Horam who have moved from the Labour Party via the Social Democrats to the Tories.

Tebbit pulled in the audience all right; the media were there in force, along with a few genuine radicals like Lord Harris of High Cross who did so much to ignite the Thatcher revolution when he was chairman of the Institute of Economic Affairs. The speech was disappointing. All Tebbit promised was more of the same whila landing over what he called the "brain death of socialism."

When Tebbit was in his heyday on the opposition back benches, Michael Foot called him a "semi-house trained polecat." The experience of office obviously domesticated him.

Smart new suit

An engineer at Los Alamos in New Mexico – the US defence laboratory which developed the atomic bomb – has dreamed up "thinking armour" to protect troops engaged in hazardous interventions.

Jeffrey Moore, in the advanced weapons technology group, talks of a "powered exoskeletal suit", heving a built-in nervous system to sensitise the wearer to the world without. He calls it Pitman.

Pitman, weighing about 200 lbs, would respond as fast and as sensitively as the soldier sealed inside. Bullets, blast, shrapnel, rays, pathogenic bugs and poison gas would all bounce harmlessly off while the soldier could last three days inside on life support systems.

Moore also talks about voice-operated weapons so the old playground phrase "bang yon're dead" could mean just that.

He is trying to persuade his research management to let him proceed with the prototype Pitman. It could take several years, at a cost starting at about $5m for the first year.

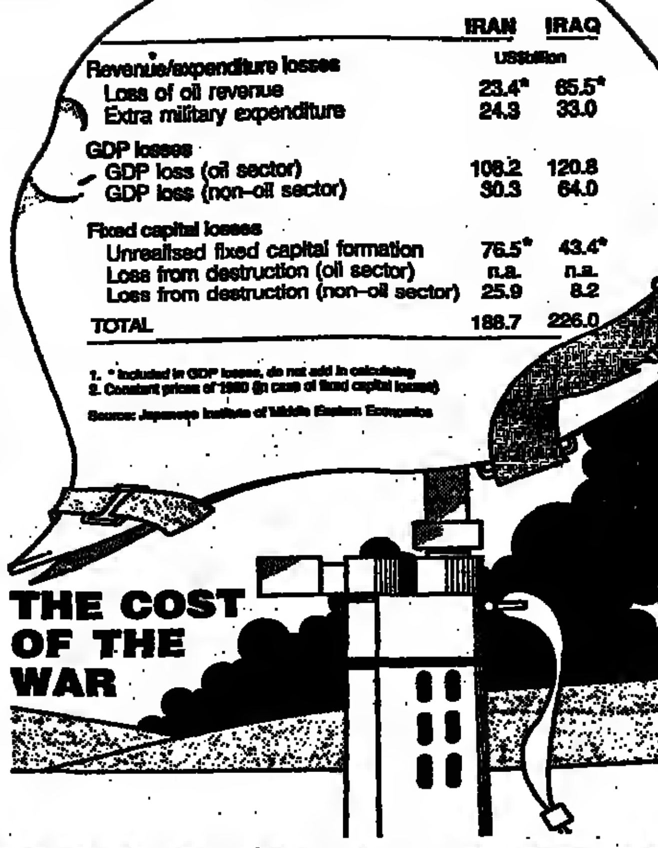
"Either they'll fund me or commit me," Moore is quoted as telling the US journal Technology Review.

Middle of the road

A magistrate tells us of an indignant woman defendant who, when asked if she had anything to tell the court, declared: "I can't think why I could have been prosecuted for driving without due care when I travel every week from Hampstead to Bognor and never leave the middle lane."

Andrew Gowers, back from the Fao front, reports on the Iran-Iraq war

The balance tilts against Iran



	IRAN	IRAQ
	US$billion	
Revenue/expenditure losses		
Loss of oil revenue	23.4*	65.5*
Extra military expenditure	24.3	33.0
GDP losses		
GDP loss (oil sector)	108.2	120.8
GDP loss (non-oil sector)	30.3	64.0
Fixed capital losses		
Unrealised fixed capital formation	76.5*	43.4*
Loss from destruction (oil sector)	n.a.	n.a.
Loss from destruction (non-oil sector)	25.9	8.2
TOTAL	188.7	226.0

1. * Included in GDP losses, do not add in calculating
2. Constant prices of 1980 (in case of fixed capital losses)

Source: Japanese Institute of Middle Eastern Economics

CONVENTIONAL wisdom used to hold that Iran could not lose the Gulf war, but might just be able to win it. This week, following Tehran's most serious string of reverses since the earliest months of the seven and a half year old conflict, that wisdom is being subtly revised.

Since the beginning of last month, Iran has suffered an unprecedented number of Iraqi missile attacks on its cities. It has had the embarrassment of losing the Fao peninsula, the strategic sliver of Iraqi territory it captured in 1986. Its navy was last week humiliated in a brief but fierce confrontation with US forces in the Gulf. In short, for the first time in more than *six years, Iran looks – and sounds – on* the defensive.

"Wa can see that the world has decided – by the world we mean the oppressive anti-Islamic powers – that a serious effort must be made to save (Iraqi President) Saddam (Hussein) and tie our hands," said Mr Ali Akbar Hashemi-Rafsanjani, the powerful parliament speaker and spokesman of Iran's Supreme Defence Council, in a TV interview on April 18. "Wa cannot wait any longer."

The remarks, though made amid calls for redoubled mobilisation against Iraq and threats of revenge against the US for having perceptibly tilted towards Baghdad, were a far cry from the confident predictions of ultimate victory which have long been the staple fare of Iranian propaganda.

It must have been dawning on the more pragmatic of the country's leaders over the last year or so that this war, despite the endless blood and treasure it has absorbed, is militarily unwinnable. Iran's three-to-one population advantage has proved no match for Iraq's immense superiority in armour and airpower on the marshy and exposed southern and central battlefronts. Tehran's attempts to cut Iraq's economic lifeline by blocking its access to the Gulf have demonstrably failed, and Baghdad is now routinely pumping more oil through pipelines running across Turkey and Saudi Arabia than Iran is able to sell.

Equally, while Ayatollah Ruhollah Khomeini remains alive, and probably for a long time after his death, pursuit of the downfall of Saddam Hussein and his Baathist regime will continue to be politically unforsakeable. It is almost impossible in imagine at this stage how that particularly intractable circle might be squared.

There can be no disguising the pressure Iran has been under in the last few weeks. In the "war of the cities", which resumed with a vengeance on February 29, it has definitely come off the worse. Following a calculated decision by Baghdad to escalate attacks on population centres, around 170 Iraqi Scud-B missiles have rained down on Tehran and other Iranian cities, killing thousands of civilians.

The Iranians, with their much smaller arsenal, have managed only 35 to 40 Scud strikes on Baghdad, and although there have been Iraqi casualties as well, life in the capital preserves its carefully cultivated air of normality.

The Iraqis have also used the cities' war to seize the political initiative and tie Tehran's hands on the battlefront. They have twice declared a truce in missile attacks (the latest, proclaimed last Wednesday, remains in effect) but have attached *stringent conditions* which permit a resumption of attacks if Iran so much as shells an Iraqi border town.

Iran's loss of Fao on April 18 was a severe psychological blow. The Iranian bridgehead on the peninsula, which Iraq appears to have destroyed with ease, was Tehran's most significant land gain in the entire war, and would have been a useful chip in any eventual bargaining over reparations for Iraq's original 1980 invasion of Iran.

In the Gulf, too, the Iranians seem boxed in to an unusual degree. The US attack on two Iranian oil platforms last week was a sharp reminder of Washington's intention to punish any attempts by Iran to disrupt the freedom of navigation, following evidence that the Iranians had resumed mine-laying activities. The damage inflicted on two Iranian frigates in tha subsequent shooting-match with American forces cut Iran's conventional navy in half.

Washington is gambling that Tehran will hold back from directly confronting a fleet with far greater firepower, as it did after a previous cautionary US attack on the Rostam oil platform in October. Buoyed by last week's action, the Reagan Administration is even preparing to extend naval protection to neutral ships rather than just those flying the American flag.

The effect of recent pressure on Iran has been to strengthen extremist voices – favouring redoubled efforts in export the revolution – within the faction-ridden regime. Mr Sayed Ali Akbar Mohtashemi, the Interior Minister, has been a clear beneficiary of this trend. A former Iranian ambassador to Damascus, he is known to have close links with the Shia Moslem hostage-takers associated with Lebanon's Hizbollah (Party of God) movement. The trend was also clearly visible in the outcome of elections in the Majlis (parliament) earlier this month, which apart from giving a strong mandate to the chameleon-like Mr Rafsanjani returned a number of leading radicals.

Some analysts speculate that Iran's recent raid on Kuwait's Bubayan island, its evident return to mine-laying in the Gulf and the sharp exchanges of fire with the US Navy which took place on Monday of last week reflect this radicalisation of domestic politics. It is also possible that an extreme Iranian faction was involved in this month's hijacking of the Kuwaiti jumbo jet.

In striking back, however, Iran's strictly military options seem limited. A major offensive on the southern battlefront which Tehran has been threatening since last autumn has failed to materialise, either because of serious Iranian recruitment problems, as Western diplomats suggest, or for political reasons connected with keeping the United Nations effort to end the war alive and fending off an international arms embargo. Iranians are showing some signs of war-weariness, though this factor should not be overrated. Prof Shaul Bakhash, a leading Iran scholar in the US, says the Iranians had, in any case, concluded some time ago that "huge land offensives weren't getting them anywhere."

The main focus of activity on land in recent months has been the mountainous region of north-eastern Iraq, where Iran has been supporting an increasingly successful Kurdish insurrection against Baghdad and Iranian Revolutionary Guards have captured sizeable swathes of Iraqi territory. This two-pronged action is doing Iraq a lot of damage: it is tying down large numbers of troops and exacerbating the country's most serious ethnic problem. The Iraqis have shown how worried they are by showering Kurdish villages with poison gas, killing thousands of inhabitants.

None the less, most analysts agree that the northern front is not of enormous strategic significance for the Gulf conflict as a whole. The terrain favours guerrilla-style warfare, but if Iranian infantry were to break out of the mountain fastnesses towards Iraq's real economic assets – the oilfields around Kirkuk and Mosul and the oil pipeline to Turkey – it would in all probability be decimated by Iraqi armour.

The only other way in which Iran might hope to maintain revolutionary momentum and cover its embarrassment, then, is to step up its activism on other fronts. That may well imply further Iranian attacks on Kuwait, the main Gulf supporter of Iraq; more attempts at subversion in Saudi Arabia, with which Iran has been at loggerheads since last year's Mecca riots; and increasing attacks on shipping and oil facilities belonging to other Gulf states such as the United Arab Emirates. There remains a danger that such activities could draw Iran and the US – with its 29 warships in and around the Gulf – into a full-scale confrontation.

The irony of all this is that both Iraq and Iran probably want an end to the war, provided both can be assured of some face-saving formula which they can present as something other than a moral defeat. Indeed, Iran has shown signs in the last year of trying to wind down the conflict to a lower level, while the pressure for escalation has come from Baghdad, which wants to avoid being the object of an extended war of attrition. For months, perhaps for years to come, Iran's problem is going to consist of finding a much-needed exit route from what it calls "the imposed war".

UK privatisation policy

Down in the forest, it's time something stirred

By Donald MacKay

AS THE privatisation programme proceeds, one name is always absent from the list of candidates – the Forestry Commission. As with everything else relating to the British Government's forestry policy, the reasons for this are obscure. The Commission long since met its historical *raison d'être*, which was to establish a strategic reserve of homegrown timber. Yet, despite a succession of reports which have demonstrated that the Commission's activities do not meet normal commercial standards, it soldiers on in a protective cocoon unknown in other public sector agencies.

This situation is increasingly anomalous. As the Government strains every sinew to privatise activities with strong "natural monopoly" elements (for example, electricity supply), one cannot help wondering why the Commission, as the largest owner of commercial woodlands, should be exempt.

The Commission owns about half of the UK's commercial forests but, for many years, its continued activity has been dependent on two dispensations. First, the Commission is "required" to meet a target rate of return of 3 per cent on its assets, against the much tougher target of 5 per cent set for other public sector investment. Second, even the 3 per cent "target" is a fiction, as the accounting practice has been to revalue the asset base at the beginning of each quinquennium. Every economist has heard about treating "bygones as bygones" but given the long gestation period of a forest, this treatment effectively writes off sunk costs every five years. Most important of all, the Commission has lived to a highly "political" environment, within which new planting has been pushed further "north" and "up the hill". It is evident that the *bulk* of new planting is not achieving a 3 per cent return.

Such a low rate of return has been "justified" by arguments which appear increasingly dated. Briefly, these relate to import saving, downstream processing, employment creation in rural areas and recreational and environmental benefit.

The import saving argument implies that it is in some sense desirable to be less dependent on imported timber. Yet, there is no compelling argument for encouraging import saving in its own right, unless it can be demonstrated that the resources applied to that activity have little alternative use. Without extensive public subsidy, UK forestry is not able to compete with the price of timber supplied by overseas producers.

A strand in this argument is that the UK has less land under forestry than most of its European neighbours. The same applies to grapes. Adam Smith remarked: "By means of glasses, hotbeds, and hotwalls, very good grapes can be raised in Scotland, and very good wine too can be made of them at about 30 times the expense for which at least equally good can be brought from foreign countries." As Scotland is the home for most of the Commission's new planting, he would doubtless remark that the same, old mercantilist prejudices are still alive and kicking.

In recent years the forestry lobby has widened the import saving/job creation argument to embrace downstream processing, pointing to the downstream benefits from an enhanced domestic timber supply. The only difficulty with this, as the recent National Audit Office report indicated, is that most of the major new developments have required heavy subsidy from the British taxpayer, even although that taxpayer had already subsidised the production of the domestic timber supply!

The recreational and employment arguments, at least when applied to new planting, are hardly more convincing. Most of the Commission's planting is in Scotland, where the major unemployment blackspots are in the cities. Moreover, forestry is not particularly good at creating employment, as its labour force has been falling, while rural employment has been increasing across much of Scotland. Even where it "creates" jobs, the cost of job creation is far higher than in other activities and much of the job creation from new planting has little impact on present employment, as the bulk of the labour input is not required until the forest matures.

As new planting is largely in areas remote from the main centres of population, its recreational value is limited and much of that planting (for example, to the Flow Country) is fiercely opposed by a wide range of environmental groups.

Forestry policy has been made "out of sight" and "out of mind". As it is the responsibility of various Ministers, it seems largely outside Treasury control: hence the need for change. In brief, where new planting does occur, we need to ensure that it obtains better financial returns. The opportunity is there, with the emerging surplus of agricultural land. If we continue as before, we will get more planting in submarginal areas.

There is a case for continuing the Commission as a Forest Authority. That is, as a public agency responsible for basic research and development, the setting of standards and for the administration of planting grants, if it is considered these are still needed. However, there is no case for continuing the Commission as a Forest Enterprise – a public agency which manages commercial woodlands. There are no evident economies of scale in this industry and no vital national interest would be threatened by privatisation. Because the costs of creating the existing estate are sunk costs, the mechanics of privatisation present no difficulty.

Privatisation would provide an immediate return for tha taxpayer and, more importantly, would create an environment in which new planting was directed towards land where better commercial returns can be obtained. This would apply even under the new system of planting grants. While the rationale for these new grants is not entirely clear, it is still true that a privatised concern could have a strong incentive to maximise returns. The case for privatisation has always been made on the grounds that a commercial environment is conducive to efficiency. Adam Smith would approve. He would not approve of the Forestry Commission.

Professor MacKay is chairman of Pieda, Edinburgh and Reading-based planning and economic consultants.

Letters to the Editor

Chartered managers

From Mr Peter Benton.

Sir, Your editorial on April 25, "The Education of Managers," missed some important points in tha thinking behind the chartered manager movement.

Looking forward, a wide variety of employers see a new need for managers with broad skills and broader understanding of the commercial and social environment. Fierce competition and turbulent markets – more so after 1992 – are leading most companies to devolve decision-making closer to the customer. Managers formed to the traditional narrow functional skills need wider personal development if they are to cope successfully in this new environment.

Hence the chartered manager. The British Institute of Management (BIM) welcomes employer support for MBA programmes. The chartered manager movement aims to complement these individual initiatives with a national system of personal development available to managers in every sort of organisation, large and small, public and private.

Portability of modules and credits among educational institutions will bring many thousands more managers within reach of the new skills and insights needed for success in the 1990s. As John Constable has demonstrated, several hundred thousand narrowly formed managers are at work in Britain today; they need these new opportunities urgently.

Peter Benton,
British Institute of Management,
Management House,
Cottingham Road,
Corby, Northamptonshire

Dauntingly difficult to get right

From Mr John Lyons.

Sir, I was surprised in read your report on the views of the Association for the Conservation of Energy (ACE) about the US regulatory system for electrical utilities. We also have studied the American regulatory system, and we agree with Mr Spicer, not with the ACE, about the merits of the American approach.

Wa visited a representative group of US private utilities and the relevant utility commissions in the autumn of 1984, and subsequently published the most comprehensive account of it in the UK up to that time. The utilities were unanimous in the view that the regulatory system in the US inhibited investment in large capital projects. That is why no new nuclear stations and no large coal or oil fired stations have been ordered for the last decade or so.

The utilities still regard large generating units as being tha most economic, but were not prepared to take the financial risks arising from the operation of their regulatory system. A basic weakness in the system is that it has become unclear about who is responsible for ensuring that there is enough electricity – the utilities or the commissioners.

Nowhere did we find that critical ambiguity satisfactorily resolved. We also found that "shadow management" had become an increasing problem. That is to say, the utility commissioners were, increasingly, second-guessing the management of the utilities after they had had to take critical decisions.

It is true that what I have said is only a generalisation; there are great varieties in practice in different parts of the US. It is also true that there are some excellent features of the US system. That is not the point.

Detailed regulation of the huge electricity supply industry in the UK (there is no equivalent in the US) would be a monstrosity. It would mean that there would be a massive bureaucratic machine effectively taking key management decisions without any responsibility for management itself, or any competence in that field. While no doubt Parliament would change the rules from time to time, for all practical purposes the regulatory machine would not be answerable to anyone.

I agree that regulating a privatised electricity industry to the country is a dauntingly difficult thing to get right – if it can be got right at all. That is the dilemma which the Government has brought upon itself by deciding to privatise the industry first, before determining whether an adequate regulatory regime could be devised.

John Lyons,
Engineers and Managers Association,
Station House,
Fox Lane North,
Chertsey, Surrey

A city regains an earlier prosperity

From Mrs Gladys Turner.

Sir, Most ratepayers would agree with Councillor Reg Hales (Letters, April 20) when he says that domestic rates are 70 per cent higher since Labour took over control of Birmingham in 1984. However, he omits to mention the effect which rate-capping and loss of regional aid have had on the finances of the city.

Because the rates were increased by 30p in 1985, I wrote to the leader of the council to express my concern. In his reply I learnt that 7p accounted for the cut in the rate support grant; the use of reserves by the previous Conservative administration was 18p; and the deficit left by this same administration was 5p. Is a 70 per cent increase in rates so astronomical today? Since 1979 my gas bill has increased by 100 per cent and water rates by 150 per cent.

Whether an alternative administration in Birmingham would be as successful as the present one is doubtful. Tha National Exhibition Centre and Birmingham Midlands airport attract visitors from all over the world, the *leisure and learning facilities* are first class, and the new Convention Centre at present under construction could well encourage visitors away from the overcrowded southern areas of the country.

From baing a severely depressed area in the early 1980s, Birmingham today gives tha impression of regaining an earlier prosperity – due, in my opinion, to the present administration.

Gladys Turner,
Trees,
56 Hill Village Road,
Four Oaks,
Sutton Coalfield, West Midlands

Some City ratepayers give a hoot or two

From Mr Martin Severn

Sir, Mr Douglas Woodward, chairman of the City of London ratepayers' association, asserts that "large financial institutions do not give two boots about rates" and that "they can absorb changes quite easily" (April 11).

His opinions will not be shared by many City financial directors, aware of the size of the rates bill in their overheads each year, and the difficulties in covering any changes. When the financial sector is having to look ever more closely at the level and control of costs, the prospect of a 50-60 per cent rate rise over the next five years should not be dismissed so lightly.

Martin Severn,
Postipankki (UK),
10-12 Little Trinity Lane, EC4

UK lacks modern shop floor skills

From Mr Paul Keen.

Sir, I should like to take issue on one point in Alice Rawsthorn's interesting account of missed opportunities in the UK furniture industry (April 19).

She suggests that the levels of skill and automation involved in the production process are relatively low. That may be true in the UK; it does not appear to be the case in some competitor countries.

One of the reasons – suggested by research undertaken by the National Institute of Economic and Social Research into kitchen furniture manufacture – for the failure by British manufacturers in take advantage of modern automated technology is a lack of necessary shop floor skills. British manufacturers are worried by the risks of breakdowns – much more serious in an integrated automated plant – and lack necessary maintenance skills. Over 90 per cent of the German workforce is trained to craft level or above compared with just 10 per cent in Britain. They have readily adapted to automation, have few break*downs because of a high level of* routine maintenance and – as Alice Rawsthorn points out – enjoy much higher levels of productivity.

Even when producing relatively straightforward products such as furniture, we neglect at our peril the skills of the workforce. Without an adequate skill base the opportunities for exploiting automation and raising productivity are likely in be limited.

Paul Keen,
Manpower Services Commission,
Policy and programmes Division,
Moorfoot,
Sheffield, Yorkshire

Barrow boys in principle

From Mr T.A. Kent.

Sir, In his review of *Fashion*, Martin Hoyle delivers a cliché about "barrow boy principles" – by which, he suggests, we are governed (April 8).

What is so wrong with "barrow boys"? Behind this office is Leather Lane, where market traders sell from barrows or stalls a multiplicity of goods at realistic prices. To judge from the crowds, these "barrow boys" are exceedingly popular.

I suspect that Mr Hoyle does not know what a "spiv" was; he is possibly too young in remember that the character emerged in the immediate post-war period – a by-product of socialist bureaucracy and penal taxation.

T.A. Kent,
78 Hatton Garden, EC1

FINANCIAL TIMES
Wednesday April 27 1988

Chirac tackles Le Pen dilemma with tough battle plan

BY IAN DAVIDSON IN PARIS

A HIGH-PRESSURE campaign programme to mobilise the maximum number of votes behind Mr Jacques Chirac, France's Prime Minister, in the second round of the presidential election was announced yesterday by his party organisers. They are putting on a brave front, despite their leader's unexpectedly low score in the first round on Sunday.

President François Mitterrand, by contrast, is adopting a much more relaxed attitude in public, even affecting an amused distaste for the campaign process, although he has flown off to campaign in Martinique and Guadeloupe in the West Indies.

But the comments from both camps underline Mr Chirac's uncomfortable dilemma, which is how to woo the 14 per cent of the electorate who voted for Mr Jean-Marie Le Pen, leader of the extremist right-wing National Front, without alienating the 16 per cent who voted for Mr Raymond Barre, the centre-right candidate.

Former President Valery Giscard d'Estaing will today declare his attitude to the second round, no doubt by coming out in support of Mr Chirac.

During the next 10 days Mr Chirac will speak at seven major public meetings. At the first of these, on Friday, he and Mr Barre, who came third in Sunday's vote, will both speak on the same platform, as an earnest example of Mr Barre's undertaking to swing his centre-right supporters behind Mr Chirac on May 8.

But several leading centre-right political figures, who supported Mr Barre in the first round, made no secret yesterday of their ambivalent feelings towards the Chirac campaign and their anxiety that he would overstep the mark in an attempt to attract Mr Le Pen's voters.

President Mitterrand added his voice to those bidding Mr Chirac not to chase after the Le Pen vote. In Guadeloupe he warned against any association between Mr Chirac and the National Front.

"I hope that no responsible candidate will allow himself to . . . treat with and envisage . . . a government with a political movement which shows such complaisance on the issue of racism," he said.

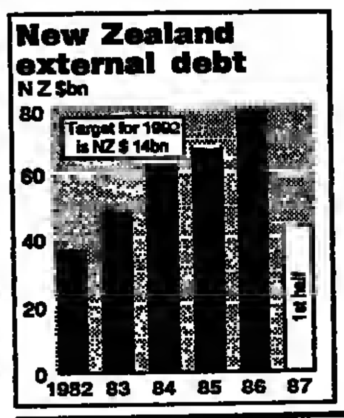
He predicted that the final result would be closer than the opinion polls have been predicting (53-55 per cent), but he did not conceal his confidence in final victory. "If I get 51 per cent, I should not be annoyed," he said.

Meanwhile, Mr Chirac seems in two minds about how to handle his quandary between the centrists and the extreme right. Speaking on television on Monday night, he said that he would not change his tune during the second-round campaign, and that there was no question of conducting negotiations with anyone.

At the same time, he claimed that the 14 per cent who voted for Mr Le Pen were outraged at the way the French gendarmes were treated, shocked by things which for several years have damaged the reputation of our country.

"That I understand and I share the feeling," he said. "Of course, I have heard these voters, like the others."

New Zealand sells its hidden assets



Two of the country's Labour ministers, in charge of pulling the state out of loss-making enterprises, made some surprising discoveries when they began their corporatisation programme, report Tim Dickson and Chris Sherwell

WHEN MINISTERS IN New Zealand'e Labour Government justify their ambitious programme to cut back state involvement in the business economy, they do so with ironic humour as well as fervent zeal.

According to Mr Roger Douglas, the Finance Minister, the state's coal mines lost money for 20 years, yet stockpiled enough coal to carpet a highway 8,000km long.

The Electricity Department, he says, built a major power station on top of one of the Mines Department's best coal seams. The Post Office had 2,000 spare desks and chairs.

The list goes on. The Post Office Savings Bank increased real expenditure by 75 per cent over 10 years, bot saw its market share halved. The Railways made a loss of NZ$20m (US$13.5m) despite a NZ$40m subsidy.

As for the organisation which manages government property, it was paying rates on property it could not identify, and earning nil return on prime sites in Wellington and Auckland.

For Mr Douglas's colleague, Mr Richard Prebble, the Minister of State-Owned Enterprises, his most eurprising discovery was that the Civil Aviation Department had an air force – ten aircraft and s helicopter.

Both men say they were "genuinely appalled" by what they found when they reviewed some of the Government's trading organisations after Labour came to power in 1984. The only solntion was radical reform.

The process, bowever, has taken them far beyond last April's initial "corporatisation" of nine departments.

In psrticular, a massive NZ$43bn external debt burden has forced the Government into making s difficult choice: to increase taxation, slash spending on health, education and welfare, or sell assets.

Government involvement in business – it owns half the forests, four banks, most coal mines, nearly all electricity generation plants, three transport companies and vast land holdings – "was either the result of a practical need at the time, which has now gone, or it was an accident," Mr Prebble says.

The Government began with the state-owned Bank of New Zealand more than a year ago. The bank was forced to raise needed additional capital by issuing non-voting shares to the public, diluting the Government's overall stake to 87 per cent.

Next came s decision to sell off New Zealand Steel. Just before last October's share markst crash, the Government agreed terms with Mr Allan Hawkins' Equiticorp group which valued NZ Steel at NZ$360m.

In last June'e budget, the Government committed itself to selling shares in Air New Zealand, Petrocorp and the Development Finance Corporation.

The Government has since presided over the controversial collapse of ths NZ$788m sale of Petrocorp to Britisb Gas, followed in quick succession by its sale to New Zealand's biggest company, the forestry group Fletcher Challenge.

Ae for the Development Finance Corporation, the sale of shares is still being studied. Mr Prebble says the Government wants to sell it all and would welcome an overseas buyer.

In s major economic statement, it set itself a target of reducing the external debt by no less than NZ$14bn by 1992, chiefly through asset sales. That entailed far more than the committed privatisations. It meant the sale of some of the newly corporatised entities – something not originally envisaged.

Much work remains to be done before this becomes possible. As even ths ebullient Mr Prebble acknowledges, the experience of corporatisation remains mixed.

The biggest advances, he says, have been made at the Forestry Corporation, which announced a NZ$24m profit in its first six months, the first in 70 years. New Zealand Post has shown a turnround too, and the Coal Corporation is also expected to make a profit this year.

Results from the Telecom Corporation have been alowsr to emerge. The Governmsnt has also suffered heavy criticism over the closure of hundreds of post offices. And it must write off NZ$1bn dollars in rural loans to put the Rural Bank on a sound basis.

This has not stopped it embarking on a second round of corporatisation. On April 1, the Ministry of Works and Development and the government computing service became corporations – with little public debate.

Simultaneously, the Government has also passed controversial legislation to reform employment practices in the civil service to align it with the private sector. That means chief executives at the top, and stricter management and accountability.

None of this has happened without tears. Labour's vocal left-wing is complaining. So is the national party opposition.

At issue is whether the Government has a mandate to go beyond the "corporatisation" of its first term, whether privatisation is consietent with the avowed aim of market efficiency, and whether the sales to date have been handled in a professional and responsible manner.

Professor Robert Chapman, the former head of Political Studies at Auckland University, doubts the value of a policy of exchanging pnblic debt for private (and perhaps still foreign) debt – a point underscored by Fletcher Challenge's Petrocorp purchase.

He also doubts claims for greater efficiency in the private sector. "What is the purpose of privatising a business like Telecom, which is a natural monopoly?" he asks.

He feels the Government could have won its argument with its corporatisation programme.

This sort of concern has not previously troubled Prime Minister David Lange or ministers like Mr Douglas and Mr Prebble. But tough criticism has also come from the other side of the fence.

Thatcher in retreat over social programme

By Peter Riddell in London

BRITAIN'S Conservative Government appeared to be in full retreat last night in face of strong protests by members of its own party over social security reforms introduced this month.

Consequently, a package of measures costing more than £100m ($188m) to alleviate cases of hardship and anomalies is expected to be announced this afternoon in the House of Commons.

Mrs Margaret Thatcher, the Prime Minister, was said by ministerial colleagues to be furious at having to agree to concessions only a fortnight after a series of well-publicised Commons revolts by Tory MPe. The expected announcement will be seen as a further government climbdown and victory for the Labour opposition.

Ministers said Mrs Thatcher had complained vigorously at a meeting that she had not been informed of the problems that have led to a flood of letters to MPs. This has arisen particularly over the new rule that pensioners with savings and capital assets of more than £6,000 lose all entitlement to housing benefit.

Mrs Thatcher has been persuaded of the need for concessions in the past two days, and yesterday she chaired two meetings following intensivs discussions involving the Treasury and the Department of Health and Social Security.

The Government's change of policy was initially signalled yesterday by Mrs Thatcher during Prime Minister's question time in the House of Commons. She brushed aside a series of questions from Mr Neil Kinnock, the Labour leader, urging changes, but then apparently gave a hint of movement by stating that "the whole system was badly in need of reform. The substantial structure will, of course, stay."

Later, Mr Nicholas Scott, the Social Security Minister, took a sympathetic line at a packed meeting of more than 80 Conservative MPs.

As he left to go to a meeting on the issue with Mrs Thatcher, Mr Scott said he had "fortified" by what had been said. The Government, he argued, would try to look at "where ths ahoe pinched."

The signs last night were that this afternoon'e announcement would be aimed et particular anomalies from the social security changes affecting old people and the disabled. In addition, there may be some alteration to the proposal that pensioners lose some of their housing benefit if their savings rise above £3,000.

Conservative MPs also expect that the Government will be forced to make some adjustment to the £6,000 ceiling where all benefit is lost, possibly to £8,000. This might be seen as a compromise compared with the £10,000 level demanded by many MPs. An increase to the latter figure would cost £70m.

However, any increase in the ceiling would run directly counter to recent remarks by Mrs Thatcher in the Commons, most explicitly on March 31 when she said "it was matter of policy that housing benefit should be cut off where people have £6,000 in capital."

However, many Conservative MPs feel this penalises thrift and appears to be unfair,

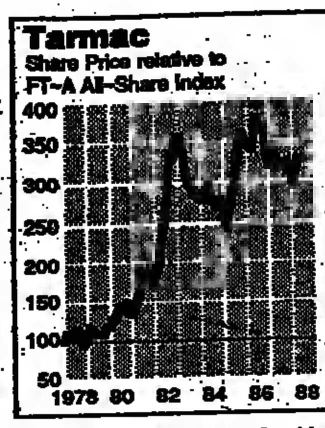
THE LEX COLUMN

The sweet tooth of the Swiss

Rather sadly, it looks as if Rowntree's days of independence are over. It would strain any fund manager's fiduciary duty to reject 890p for a share worth 477p a fortnight ago, especially if he was one of those dumb enough to sell to Suchard at 629p in the meantime. Yesterday's closing price 38p above Nestlé's offer seems only to reflect the hope that Suchard might counterbid, or – more likely – that Nestlé will pay more to win over the Rowntree board. It seems unlikely that Rowntree would be worth this much to anyone else; indeed, given Nestlé's express intention of thwarting Suchard, it might be unwise for anyone else to get in the way.

Rowntree's remaining card, and not a very strong one, is political. It is not hard to cast Rowntree as the honest Quakers from York, and Nestlé as the big bad Swiss multinational. There is also the issue of reciprocity, in that Nestlé, like most Swiss companies, is fortified against foreign takeover. But after all, UK companies from BAT to Tate & Lyle are presently mounting highly contentious takeovers in the US, and in any case the run-up to 1992 is not a good time to be seen erecting barriers. Nor is the monopoly argument a strong one, given Nestlé's meagre position in UK confectionery.

The market's tactics from here are likely to be obscured by the frenzy of activity which has burst out in the whole food sector. Turnover in Cadbury shares yesterday was as high as in Rowntree'e, partly, ons supposes, because of switching into Cadbury as the next bid favourite. Indeed, Rowntree is probably in the hands of the arbitrageurs rather than the institutions already, and to that extent appeals to shareholder loyalty will prove futile. It is now open to Suchard to start buying again, but a company with a market valne of only £1.5bn cannot match Nestlé's ability to plank down £2.1bn in cash from its own resources without blinking. It seems a shame that an excellent company like Rowntree cannot be left to manage its affairs in peace, but that is how it is in a wicked world.



Corporate auctions

While it has not been unknown for UK merchant banks to conduct public auctions of the prized business properties of their corporate clients, it has taken the influx of Wall Street investment banks to mass-market the idea. Yesterday saw BET put its Argus publishing operations on the block – its second auction of a significant part of its business in less than six months. And the appointment of a new financial adviser for the transaction is a further sign of the way that the UK corporate sector is moving towards relying on merchant banks for one-off deals rather than staying loyal to one institution.

It seems that Morgan Stanley did not have much difficulty selling the idea to BET, which had recently used a similar type of auction to dispose of its flight simulation business on a multiple of 24 times earnings. The attraction of an auction, rather a flotation or management buyout, is that it enables a company to tap the widest possible audience reasonably quickly, and also control the amount of information that it has to give out. The disadvantage is that it is more difficult to control the eventual buyer of the business; and there is always the potential embarrassment, as Asda-MFI discovered with its attempted auction of Allied Carpets, that the transaction might flop, which is not good for staff morale.

In BET's case, its publishing operations no longer fit into its core strategy and given the heady multiples of more than 20 times earnings that are currently being paid by companies wanting to become global players, it would have been foolish not to exploit this window of opportunity.

Tarmac

Presumably the market simply cannot believe Tarmac's luck. Despite strong profits growth over the past few years, the share price has kept stubbornly to a narrow band of underperformance. And even yesterday's 56 per cent rise in pre-tax earnings managed to put only 5p on the shares to 250p, with plenty of worried voices raised in the City predicting even worse to come.

Concern centred on Tarmac's house building operations: with margins already at 18 per cent, the argument went, the only direction was down. Yet with the average Tarmac house fetching only £48,500, well below the national average, and with every indicator from mortgage lending to household formation pointing to continned strong housing demand in the UK in 1988, only the true pessimist should find much to worry about before next year at the earliest.

True, the housing market is in historical terms overdue for a correction; but it has existed in that happy state for a couple of years already. And yes, Tarmac builds most of its houses outside the South East hothouse; but as economic growth is increasingly sucked out to the regions, housing demand in the Midlands especially makes Tarmac's regional bias look s strength more than a handicap.

In any case, the notion that Tarmac's prospects are only as fair or foul as those of the housing market as a whole is rather narrow-minded. Given its spread of strongly cash-generative activities – quarry prodncts and building materials should do particularly well this year and next – a prospective rating of 8.7 times earnings begins to look a bit perverse.

Markets

The latest readings on the US and UK economies continue to point to a picture of fairly robust economic growth on both sides of ths Atlantic, but do little to resolve the longer-term policy questions which continue to haunt the financial markets. While confirmation of a UK investment boom should help alleviate the capacity constraints on UK industry, the more immediate concerns centre on an uptick in inflation and the strength of the pound. Although the FT-SE struggled above 1800 yesterday, this was primarily a reflection of the surge in takeover activity, and next Friday's balance of payment figures remain critical. Meanwhile, it is hard to see how the current imbalances in the US can be resolved without a sharp slowdown in economic activity.

Rowntree rejects £2bn Nestlé bid

Continued from Page 1

approved a share capital increase yesterday. A one-for-five rights issue will raise SFr550m. Mr Guenter Bolte, the finance director, said company needed to raise its liquid reserves and reinforce its equity base "with a view to pursuing its policy of expansion and acquisition."

The group's UK edvisers, S. G. Warburg, refused to comment on whether Suchard had picked up more Rowntree shares yesterday.

In London, Mr Helmut Maucher, Nestlé's managing director, said there were three reasons behind the Rowntree offer: the desire to develop the chocolate side of the business, the fit between Nestlé's block chocolate/bonbon emphasis and Rowntree's strength in sweet bers/essortments, snd the Suchard raid. That, he claimed, had effectively put Rowntree up for sale.

The Nestlé offer is at 890p a share with a loan note alternative, and values the ordinary share capital at £1.9bn. The value of the offer on the fully diluted share capital is £2.1bn. Shareholders also retain the final proposed dividend of 10.5p for 1987.

Nestlé had already built up a 4.6 per cent stake in the British company in the wake of Suchard's market raid, and yesterday its UK advisers, County NatWest, ettempted to raise the stake.

In Seoul yesterday riot police rush to arrest students protesting at alleged vote rigging, Page 3

Britain joins anti-tank weapon project

BRITAIN has dropped its reservations about a joint project with France and West Germany to deveolop s new anti-tank guided weapon system for the mid-1990s, our defence correspondent writes. It is estimated that potential orders could run into billions of pounds.

Mr George Younger, the UK Defence Secretary, announced yesterday that the UK had joined the Trigat development programme.

The three countries will be equal partners and the prime contractor will be a Paris-based consortium, called Euromissile Dynamics Gronp, bringing together British Aerospace, Aerospatiale of France and Germany's Messerschmidt Bolkow-Biohm. It is hoped other Nato European countries will also participate.

Britain, the last of the three partners to join, had sought satisfaction that it would obtain value for money, the UK Ministry of Defence said.

In accordance with its new procurement policy, it had insisted on clear responsibility being placed with e prime contractor, with performance incentives.

The ministry said it had now obtained "very tight" contractural terms.

The programme includes a medium-range system, either portable or vehicle-mounted, and a long-range system

WORLD WEATHER

		°C	°F
Ajaccio	S	18	64
Algiers	C	14	57
Amsterdam	F	9	48
Athens	?	20	68
Bahrain	S	27	81
Bangkok	C	35	95
Barcelona	F	16	61
Beirut	F	22	72
Belfast	C	11	52
Belgrade	C	10	50
Berlin	F	9	48
Biarritz	C	13	55
Bombay	F	33	91
Bordeaux	C	17	63
Brussels	S	11	52
Budapest	F	11	52
B. Aires	C	18	64
Cairo	S	30	86
Cape Town	C	17	63
Caracas	F	28	82
Casablanca	C	18	64
Chicago	F	8	46
Cologne	S	12	54
Copenhagen	F	7	45
Corfu	S	22	72
Dallas	-	-	-
Dublin	C	12	54
Dubrovnik	C	13	55
Edinburgh	C	6	[illegible]
Faro	F	20	68
Florence	C	20	68
Frankfurt	S	12	54
Funchal	C	18	64
Geneva	C	16	61
Gibraltar	S	18	64
Glasgow	C	9	48
Guernsey	S	9	45
Helsinki	Sn	-1	30
H. Kong	F	27	81
Innsbruck	S	17	63
Inverness	F	9	48
Islamabad	C	34	93
Istanbul	F	13	55
Jakarta	F	34	93
Jersey	S	12	54
Jo'burg	S	16	61
Lima	F	25	77
Lisbon	S	16	61
London	F	14	57
Los Angeles	F	13	55
Luxembourg	S	12	54
Madrid	R	12	54
Majorca	D	14	57
Malaga	F	19	66
Malta	S	21	70
Manchester	R	12	54
Manila	F	37	99
Melbourne	R	13	55
Mexico City	-	-	-
Miami	S	25	77
Milan	S	17	63
Montreal	F	5	41
Moscow	Fg	5	41
Munich	S	13	55
Nairobi	F	25	77
Naples	F	19	66
Nassau	-	-	-
New Delhi	F	38	100
New York	S	11	52
Nice	S	17	63
Nicosia	F	28	82
Oporto	S	17	63
Oslo	S	8	46
Paris	S	12	54
Peking	S	27	81
Prague	F	11	52
Reykjavik	R	6	43
Rhodes	F	21	70
Rio de Jo	F	33	91
Rome	F	18	64
Salzburg	S	15	59
San Francisco	F	9	48
Seoul	S	19	66
Singapore	T	29	84
Stockholm	F	4	39
Strasbourg	S	15	59
Sydney	S	23	73
Taipei	F	32	90
Tangier	F	17	63
Tel Aviv	-	-	-
Tenerife	F	22	72
Tokyo	S	22	72
Toronto	C	7	45
Tunis	S	21	70
Valencia	C	17	63
Venice	S	15	59
Vienna	S	14	57
Warsaw	F	9	45
Washington	S	9	48
Zurich	S	15	59

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Moscow reforms fail to boost supplies

Continued from Page 1

Pravda, the Communist Party newspaper, as focusing above all on the problem of inadequate food supplies. "In a number of regions and districts, the guarantee of such prodncts as meat, vegetables and fruit is not improving, which causes further justified reproaches from the population," it said.

"Incomplete satisfaction of demand for many consumer goods and services creates difficulties in the normalisation of money circulation, leading to an imbalance between income and expenditure," the report said, in a clear reference to the inability of the consumer to spend the gradual increase in wages.

Strains in providing the population with clothes and footwear did not slacken, the Tass newsagency reported. Moreover, "those types of goods which are on sale are not always in demand, owing to outmoded style and unsatisfactory quality."

The accuracy of Soviet statistics has always been questioned, because they are usually based on the claims of industrial and agricultural organisations to have fulfilled their plan targets, whether or not they have done so.

However, Mr Belov insisted that his organisation was struggling to correct past errors. "In conditions of the growing democratisation of the Soviet society, we regard as our duty to abolish 'blank spaces' and 'cover-up zones' which were present in statistical reviews even recently," he said.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday April 27 1988

US OIL COMPANY SPURRED BY STRONG DOWNSTREAM AND PETROCHEMICAL RESULTS

Texaco doubles first-quarter profits

BY RODERICK ORAM IN NEW YORK

TEXACO, the US oil company which emerged last month from a year under the protection of US bankruptcy courts, has doubled its first-quarter net profits because of the US oil industry trend of strong downstream and petrochemical results.

Net profits for the three months ended March 31 were $242m or $1 a share, against $118m or 49 cents a year earlier. Revennes rose marginally to $8.7bn from $8.5bn.

The latest net profits included a $66m gain from the sale of half of Texaco's interest in an Angolan offshore venture and a net currency translation gain of $29m, against a loss of $7m a year earlier. Total operating profits in the period were $491m against $218m a year earlier.

Operating earnings from oil and natural gas rose to $248m from $204m, mainly reflecting an improvement in the US where higher gas prices offset lower oil prices and increased exploration expenses.

Earnings from manufacturing, marketing and supplying rose to $153m from $6m because of a big turnround in the US to a $92m profit from a $55m loss as falling crude prices lifted earnings.

Petrochemicals earned $47m against $8m. Most of the improvement coming in the US with a swing to profit of $32m from a loss of $3m. Improved margins on olefins in the US and the updating of a Texas plant contributed to the upturn.

Worldwide capital and exploratory expenses, including equity participation in expenditures of non-subsidiary companies, grew to $591m from $381m a year earlier.

The company, which emerged from bankruptcy by making a $3bn payment to Pennzoil to settle their long-running legal battle, is in the process of a major restructuring involving the sale of some $5bn of its assets. It recently resumed paying a 75 cents quarterly dividend which it had suspended a year ago.

●Amoco, the Chicago-based oil company, also reported sharply better profits. First-quarter earnings rose 80 per cent to $469m or $1.82 a share on a 10 per cent increase in revenues to $5.76bn.

●At Occidental Petroleum first-quarter operating net profits jumped from $73m or 36 cents a share to $111m or 51 cents fully diluted, on sales up from $4.26bn to $4.48bn.

Bethlehem Steel posts sharp rise in earnings

By Our Financial Staff

BETHLEHEM STEEL, the third largest US steel producer, boosted first-quarter net earnings to $85.4m or $1.23 a share from $25.6m or 38 cents, confirming what has been a buoyant start to the year for US smokestack industries.

Bethlehem said it expected its 1988 steel shipments to rise from last year's 9.4m tonnes because of the expected strength of the capital goods, construction, and semi-finished markets.

However,it said at its annual meeting that US industry shipments in 1988 would decline slightly from last year's 77m tonnes. It expects second-half US industry shipments to decline modestly from first-half levels.

Bethlehem expects steel shipments to continue at current high levels and steel prices to improve moderately for the second quarter.

Mr Walter Williams, chairman, told shareholders: "We anticipate both operating and net income for the second quarter." In last year's second quarter Bethlehem earned $46.8m, or 79 cents a share.

He added that 1988 capital expenditures would rise to about $250m from $158m last year. Capital spending this year includes modernisation of the hot strip mill at the Sparrows Point, Maryland plant.

Revenues in the latest quarter rose to $1.33bn from $1.13bn. Earnings in the 1988 period include a $10m gain from tax benefits and a $15m charge from damages from a Pennsylvania coal-mine fire and a $4m charge from employment cost liability adjustment.

The 1987 quarter includes a $32.5m gain from tax benefits and a $17m charge for design change costs at the Baltimore marine division.

UK life assurance groups forced to abandon cartel

BY CLIVE WOLMAN IN LONDON

THE UK life assurance industry was yesterday forced to abandon its decades-old cartel which fixed the commissions payable to insurance brokers and independent outlets such as banks and building societies. As a result, they will have to tell their customers how much they are being paid for recommending a policy.

The decision, which will take effect after December 31 1989, was announced yesterday evening by the Life Assurance and Unit Trust Regulatory Organisation (Lautro) in response to the mounting opposition to its proposed rulebook under the new investor protection regime, in particular from the Trade and Industry Secretary Lord Young, the European Commission and the UK Office of Fair Trading.

The decision is expected to lead to an upheaval both in the selling of life insurance, which attracts preminms of nearly £20bn ($37.4bn) a year, and across the entire retail financial services industry. This is because of the vast number of financial products, from endowment mortgages to personal pensions and school fees plans, which have been linked with life assurance policies.

One of the factors behind the rapid growth of life assurance as a savings vehicle over the last 30 years has been the high commissions paid to salesmen, which can often amount to more than 100 per cent of the first year's premiums. The insurance industry has consistently argued that full disclosure of commissions would deter people from buying life assurance. This argument played a decisive role in persuading the Government in the 1985 White Paper which preceded the Financial Services Act to allow insurance intermediaries not to disclose commissions, provided that they were in line with an industry-wide agreement. Yesterday'a announcement marks a fundamental reversal of policy by Lord Young.

"The whole thing has been thrown into the melting pot," said Mr Bill Proudfoot, chief general manager of the Scottish Amicable insurance company, who as a member of the Securities and Investments Board (SIB) was one of the leading advocates of a fixed commissions scale and only limited disclosure of commissions. "All those who have been blubbing on about the need for competition and disclosure will regret that they did away with the commissions agreement. I used to feel very strongly that the industry would be decimated by a change like this."

High costs fail to hold back gain at Reebok

By Our Financial Staff

REEBOK International, front-runner in the US sports-shoe market, pushed first-quarter net profits 23.7 per cent higher to $47.79m from $38.64m or 42 cents a share from 36 cents, despite what it described as substantial increases in its production and marketing costs.

Mr Paul Fireman, the chairman, said yesterday that in addition to spending more on advertising than in recent years, Reebok's profitability was held back by "the weakness in the US dollar and increased raw material and labour costs by most of our overseas suppliers."

The company, 32 per cent-owned by Pentland Industries of the UK, sources most of its footwear in South Korea where output was hit last summer by the country's wave of strikes.

Since then, it has been attempting to widen its range of shoe suppliers as well as to diversify through acquisitions particularly in clothing. Of Reebok's 61.1 per cent jump in sales to $453.98m, just on half – $86m – came from those businesses it bought since the 1987 first quarter.

It paid $180m for Avia, an Oregon maker of casual footwear, and also brought Reebok Canada into the group. However, an agreement last August to pay upwards of $60m for Ellesse, an Italian casual-wear producer, was unwound three months later to leave Reebok with just Ellesse's North American business, for which it paid $25m.

Mr Fireman added that these expansion moves made Reebok "far less vulnerable to currency swings and temporary changes in consumer tastes."

Tandem edges ahead to $23m

BY LOUISE KEHOE IN SAN FRANCISCO

TANDEM COMPUTERS, the US manufacturer of "fault-tolerant" computer systems, reported flat second-quarter earnings of $23.3m or 24 cents a share, compared with $22.5m or 23 cents a year earlier.

As already reported, US sales were below target. Income in the latest quarter to end-March, was further reduced by an extraordinary charge of $9.4m or 6 cents a share in connection with the settlement of a 1984 shareholders' class action suit.

Sales rosa 26 per cent to $309.4m, from $245.6m.

Second-quarter results reflect the consolidation of Integrated Technologies, a developer of communications software, and Ungermann-Bass, a computer networking company, both of which Tandem acquired during the quarter. These companies contributed $13.5m to revenues but had no impact on net earnings, Tandem said.

Half-year revenne increased 22 per cent to $591.7m, from $485.9m in the corresponding period of fiscal 1987. Net income fell slightly to $47m or 47 cents a share from $49.5m or 51 cents.

Mr James Treybig, president and chief executive, said international sales were strong during the quarter, but that US sales did not meet company goals. As a major supplier of computer systems to financial institutions and brokerage houses, Tandem has been particularly hard hit by the after-effects of the October stock market crash.

"Despite the slowdown in US business, our new account generation, and the quality of those accounts, continues to be high," Mr Treybig said.

Major new customers during the quarter, incinded AT&T Gedausgabeautomaten Service (GABE), an Austrian consortium owned by five banks, and the International Stock Exchange in London which will implement an international trade confirmation system on Tandem computers.

Baxter Travenol jumps to $91m

BY OUR NEW YORK STAFF

BAXTER TRAVENOL Laboratories, the US diversified health-care products and services group, has reported flat profits for the third successive quarter but expressed optimism for further gains later in the year.

Net profits for the first quarter of 1988 were $91m or 31 cents a share, up 38 per cent from $66m or 22 cents a year earlier. The first quarter is traditionally the company's weakest, however.

Mr Vernon Loucks, chairman, said the latest result "points to another excellent year."

The company said sales rose 12 per cent to $1.64bn from $1.46bn, reflecting continuing improvement of the US hospital market. Hospital products and services accounted for $880m of first-quarter sales, up 11 per cent from a year earlier.

Operating income rose 21 per cent to $181m, equal to 11.1 per cent of sales against 10.2 per cent. Research and development expenses increased 26 per cent. Marketing and administration costs grew only 5 per cent.

Rorer, a medium-sized drugs company which Wall Street believes may yet be the object of a takeover offer following its failure to win control of A.H. Robins, has reported a further rise in profits.

Net earnings for the first quarter were $8.4m, or 27 cents a share, up 17 per cent from $7.4m, or 23 cents a year earlier. Its earnings were sharply lower, however, than those in the third and fourth quarter of last year.

Sales rose 9 per cent to $219.3m from $201.2m, boosted by strong international sales and demand for its haemophilia drug Monoclate. Operating income increased 8.5 per cent to $28.1m despite increases of 20 per cent and 16 per cent, respectively, in product promotion and research.

Mixed opening to year for US property and casualty insurers

BY ANATOLE KALETSKY IN NEW YORK

SEVERAL US property and casualty insurance companies yesterday announced mixed results for the first quarter, with Chubb's profits advancing 17 per cent, but Transamerica showing a 25 per cent fall in its after tax results. Fireman's Fund reported net profits of $64m but said the figures were not comparable with those of a year earlier.

Chubb reported net income of $102.5m or $2.43 a share, against $87.3m or $2.16 in the first quarter of 1987. Premiums written in the company's property/casualty business incrased by 5.5 per cent to $674.3m and the combined loss and expense ratio improved to 96 per cent from 97.9 per cent last year.

Chubb's post-tax investment income excluding life and health operations grew to $69.4m from $54.9m, while the life and health business made a net contribution of $6m, compared with $6.5m.

The biggest improvement in the operating ratio came in the personal and commercial antomobile businesses. in personal auto insurance, combined losses and expenses fell to 108.5 per cent of net premiums from 122.3 per cent.

In commercial auto, the combined ratio fell to 98.5 per cent from 114.8 per cent. Combined ratios deteriorated somewhat in the homeowners and commercial casualty markets.

Transamerica's net fell to $76.6m or 97 cents a share, compared with $92.7m or $1.19 from continuing operations last year. Businesses discontinued last year had contributed a further $18.4m and boosted Transamerica's reported net income to $111m in the first quarter of 1987.

The main reason for the decline in Transamerica's continuing net income was a sharp fall in gains from investment transactions.

Fireman's Fund's net income in the latest quarter was equivalent to $1.16 a share. A year earlier, it reported profits of $208.9m or $3.15, but this included $81m in realised capital gains – against $25m this time – and a one time $61m pension gain.

Mr Jack Byrne, chairman, said: "We have the makings of a solid year." In property-liability subsidiaries, net premiums written fell 19 per cent to $772m in line with the company's "disciplined underwriting strategy."

Goodyear profits advance 14%

BY OUR NEW YORK STAFF

GOODYEAR, the world's leading maker of tyres, has reported a 14 per cent increase in net income from its main businesses in the first quarter of this year, despite tougher competition in the North American tyre market.

The Akron, Ohio, group, which last year disposed of most of its non-tyre operations in order to concentrate on its core rubber and chemicals business, said that earnings were $95.3m or $1.67 a share in the most recent quarter. In the first quarter of 1987, Goodyear earned $284.2m or $3.99 but that included $200.8m in profits from aerospace, oil and gas and other assets sold in the course of the year.

Revenues rose 15.3 per cent to $2.62bn, with an 18.1 per cent increase overseas.

Mr Robert Mercer, chairman, said the improvement was "achieved in the face of higher materials costs and competitive pressures in the North American tyre market." In the past year, the US market has been transformed by an international scramble for business share with big acquisitions by Bridgestone of Japan, Continental of West Germany and Pirelli of Italy.

But Goodyear's big gains came overseas, where operating income jumped 29.1 per cent to $141.9m on an 18.1 per cent sales increase to $1.1bn. Mr Mercer said that the earnings improvement came through higher volume and prices and better factory efficiencies.

● Firestone Tire and Rubber, which is to lose its status as a tyre supplier to General Motors, said it would continue to be a major original equipment supplier to the auto industry but would concentrate efforts more on the replacement market, Reuter reports.

"Certain resources will be redirected toward more intensive servicing of the North American replacement market," Firestone said in a letter to its dealers and store organisations in the US.

Pickens' Mesa Partnership slightly higher

By Our New York Staff

MESA LIMITED Partnership, the main corporate vehicle of Mr T. Boone Pickens, the once dreaded Texas corporate raider, has reported a modest increase in its first quarter results.

The Amarillo, Texas-based company reported net profits of $19.3m or 17 cents a share, compared with $17.2m or 16 cents a year earlier. Revenues slipped to $95.2m from $99.2m.

The fall in Mesa's production of natural gas, gas liquids and oil during the quarter was partially offset by higher gas prices.

Tax cuts buoy Quaker Oats to $75m

BY OUR FINANCIAL STAFF

QUAKER OATS, the US grocery products and toys group, yesterday reported third-quarter net income of $75m or 94 cents a share, up from $51.5m or 65 cents in the year-ago period, reflecting higher operating income in all its major business lines.

Net income also benefited from a lower tax rate at 39.5 per cent for the quarter, 10 percentage points lower than the year-ago period, the company said.

Higher volume sales over a broad range boosted operating income for US and Canadian grocery products to $98.3m from $84.2m. This more than offset a 22 per cent increase in advertising.

Unit volume for North American groceries was up 12 per cent for the quarter with hot cereals sales at record levels, said Mr William Smithburg, chairman.

Sales of Gaines dog foods rose, led by the Cycle brand, and a new size and flavour helped sales of Gatorade thirst quencher.

Operating income from international grocery products rose 18 per cent to $27.3m quarter to quarter, while sales climbed 24 per cent to $321.9m and unit volume 9 per cent. Improved product mix and stronger European currencies aided results.

Fisher-Price toys posted a 46 per cent gain in operating income to $24.9m on sales of $195.8m.

Old loyalties rally to Rowntree's side

BY DAVID WALLER IN YORK

NOT SINCE AD 866, when a flotilla of maurauding Vikings sailed up the River Ouse, have the burghers of York faced such an indignity at the hands of foreign invaders.

Today's raiders may be but the corporate variety, hailing from Switzerland rather than the fjords, but the prospect of a bid battle between Nestlé and Suchard for chocolate-maker Rowntree – this ancient city's biggest employer – is as unwelcome as if they had come to rape and pillage.

"York is Rowntree and Rowntree is York," said one resident yesterday.

"It would be a sad, sad day if we were to lose it."

Rowntree has a workforce of 5,500 here and its association with the city date from 1725, when a Miss Mary Tuke, a Quaker, opened a grocer's shop in Walmsgate.

Her descendants diversified into cocoa and chocolate making and sold out to Mr Henry Issaac Rowntree in 1862.

Together with his brother, Joseph, Henry built the company into one of the two largest chocolate companies in the UK – along with Cadbury's.

The brothers acquired a reputation not just for innovative products – they sold the first fruit pastilles in 1881 – but for paternalism as well.

Their legacy survives to this day in the tangible form of a district in York called New Earswick, where around the turn of the century rows of houses were built for the company's employees, each street named after and planted with a different type of tree.

It also remains in the intangible form of memories and loyalties.

Mr George Wellbourne is typical of those attending Rowntree's annual meeting yesterday – the company's 91st first such gathering, which took place in the Joseph Rowntree theatre named after one of the philanthropic entrepreneurs.

Mr Wellbourne worked for Rowntree for 38 years, his father for 51 years before him, his uncle for another 30 years

"The family got together for a photograph in 1950. Between us we had done 300 years of service. There are lots of families like ours in York."

In his younger days Mr Wellbourne could have played for Rowntree's football or rugby team; now he can avail himself of keep fit classes for Rowntree pensioners.

His wife, also a former Rowntree employee, can go to embroidery lessons. Together, they go on a Rowntree outing once a year.

They own 300 shares in Rowntree but do not intend to sell them – at any price.

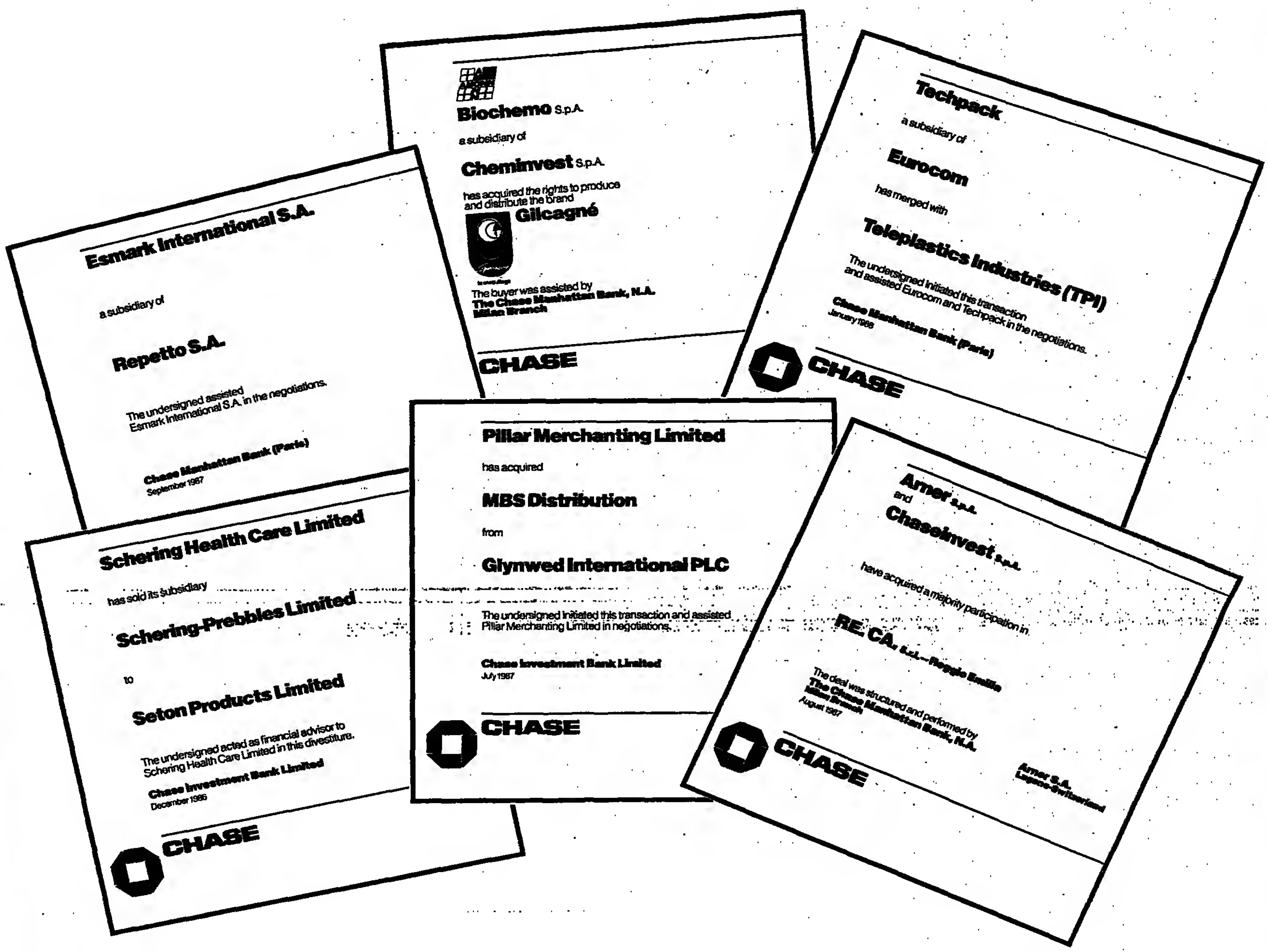
Sir Donald Barron, Rowntree chairman from 1966 to 1981 yesterday expressed a similar hope that institutions would look beyond the statistics.

"You hear about the company being 'in play' as if it were an inanimate object. It isn't," he declared to tumultuous applause.

"What about tradition? What about soul? What about people?"

The big question now is how persuaded fund managers will be by such an appeal.

The accent is definitely local. But the M & A expertise is always world class.



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For further information please contact Christopher J. S. Clegg, Managing Director, Mergers and Acquisitions Department, Chase Investment Bank Limited, Woolgate House, Coleman Street, London EC2P 2HD. Telephone: 01-726 3710.

CHASE

Pechiney eyes US after showing strong recovery

BY PAUL BETTS IN PARIS

PECHINEY, THE French state-controlled metal fabricating group, yesterday reported a strong recovery in financial performance, with profits of FFr729m ($128m) for 1987 compared with a loss of FFr451m in the previous year. The 1986 figure was struck after exceptional restructuring costs of FFr539m.

Mr Jean Gandois, the chairman, also said that first-quarter performance had advanced significantly and that 1988 would be a good year for aluminium.

He added that Pechiney planned to announce shortly an acquisition in the US as part of the diversification strategy for its US Howmet subsidiary, which specialises in manufacturing components for jet engines.

Pechiney's turnover last year rose to FFr38.9bn from FFr34.7bn. On a comparable basis, sales of industrial operations declined slightly, to FFr32.7bn from FFr33bn. Although sales volumes increased, industrial turnover in cash terms declined a little because of the impact of the lower dollar.

Operating income after financial charges rose to FFr1.79bn last year from FFr1.15bn. The recovery in aluminium prices helped Pechiney's aluminium division report operating earnings of FFr496m compared with a loss of FFr38m. Sales of the aluminium operations rose to FFr16.8bn from FFr15.5bn.

The special products and packaging division, which includes both Howmet and the Cebal packaging subsidiary, saw their operating profits decline by 10 per cent to FFr1.43bn, largely as a result of the impact of the lower dollar on the translation of Howmet'e earnings.

Althougb ferroalloys were close to break-even last year, the beavy carbon operations increased their loss. But Mr Gandois said he expected these losses to decline this year following restructuring.

Pechiney's copper operations had no impact on earnings after the merger of these activities with those of the Italian SMI group in a venture controlled by the Italian company.

AEG lifts first-quarter turnover

BY ANDREW FISHER IN FRANKFURT

AEG, THE West German electrical and electronics company which is controlled by Daimler-Benz, expects further rises in turnover and new orders in 1988, but Mr Heinz Dürr, the chairman, warned that the economy could weaken after the stronger than expected start to the year.

In the first quarter, AEG's turnover was 8 per cent higher at DM2.6bn ($1.56bn) with new orders up by 6 per cent to DM3bn. With an improvement of 10 per cent, new foreign business showed a much steeper rise than domestic orders, which were 3 per cent higher.

As in previous years, AEG, which was nearly bankrupt in the early 1980s, reported no earnings for 1987, again using its profits to strengthen its finances. Total turnover in 1987 was 4 per cent higher at DM11.7bn, though exports were down by 5 per cent as a result of the strength of the D-mark.

The Frankfurt-based company also announced that it was buying back the 49 per cent of Telefunken Electronic (TEG) owned by United Technologies of the US. AEG owns 49 per cent of TEG, which makes electronic components and has a turnover of DM600m a year. No price was given.

AEG is the subject of an offer by Daimler to buy up the remaining minority shares. Mr Dürr said the closer links with its parent, to be enshrined in a corporate control contract, marked tbe start of a new era for AEG, which would be a group division in itself on a par with cars and trucks.

For the first time since 1972, AEG will, under the contract, pay a dividend for 1988 to shareholders who keep their AEG stock. This will be 20 per cent of the Daimler payment, in line with the terms of the offer of one Daimler share for five of AEG. A profit transfer agreement will come into effect in 1992, giving AEG time to use up its remaining DM1.5bn of tax losses.

On the economy in general, Mr Dürr said be was sceptical of the high hopes being put on consumer spending. He also expressed doubts about German competitiveness abroad. This could have consequences for jobs, though he did not elaborate and said AEG had no concrete plans for short-time working.

Mr Dürr said he was not satisfied with AEG's results – operating profits were about DM100m – and repeated that the company was still building itself up for the next decade. Its lossmakers are the AEG Kanis turbine manufacturer (over DM100m of losses last year) and the Olympia office equipment company (around DM80m).

He said the total AEG investments of DM3.5bn planned for the next five years would be financed out of cash-flow, which rose last year by 20 per cent to DM809m.

Building boom boosts Skanska

By Sara Webb in Stockholm

SKANSKA, THE largest construction company and biggest private sector property owner in Sweden, reported a doubling in profits for 1987 helped by the strong improvement in its domestic contracting operations and the Swedish construction boom.

Full-year profits – after financial items – surged to SKr1.72bn ($292.5m) from SKr894m in 1986, while total invoiced sales increased by 22 per cent to SKr19.63bn from SKr16.1bn. The board proposed raising the dividend from SKr3 to SKr3.50.

However, Skanska was less optimistic about 1988 and forecast that profits this year would be at about the same level as in 1987. The gronp said it expected to see a slowdown in the over-heated construction market.

Skanska's contracting operations turned from a loss of SKr12m in 1986 to a profit of SKr524m last year. It said it had set tougher profit targets for each project in order to improve profitability from these operations last year.

Furthermore, the construction boom for office and residential projects in leading cities such as Stockholm, Gotbenburg, and Malmo belped to lift profits significantly.

The acquisition of shares in JM, a rival real estate and construction company which is now a subsidiary, belped to boost income from property management and the sale of properties.

JM accounted for SKr2.44bn of the Skanska group revenue. Income from the sale of investment and development properties more than doubled, from SKr161m to SKr374m, while income from property management increased from SKr290m to SKr380m.

Arbed improves after plunging deep into red

By William Dawkins in Brussels

ARBED, THE Luxembourg-based iron and steel producer, yesterday announced its first full-year loss since 1983, but said it was now trading profitably again.

Net losses for 1987 totalled just over LFr2.2bn ($62.7m), a dramatic swing from the LFr890m net profit achieved in the previous year and a reminder of the fragility of the upturn now being enjoyed by much of the European steel industry.

An Arbed official said widespread price cutting by French, Italian and West German producers of long products - in which the Luxembourg company specialises - was the main reason for the setback. Arbed is a leading producer of beavy sections, beams and wire, largely for the construction industry, wbere sales prices have been slower to respond to the world upturn in steel demand because of persistent production overcapacity in long products.

The company's policy of refusing to drop prices as sharply as its competitors led to a 6.4 per cent fall in deliveries. The dollar's weakness also hit Arbed in export markets, so that overall turnover collapsed by 17 per cent to LFr47.9bn.

Sales prices and deliveries picked up at the turn of the year, especially in export markets, the company said. Around a quarter of its production is sold outside tbe European Community, mainly to the US and Eastern Europe.

Arbed said tbe recovery returned it to the black for the first months of this year and should allow it to "make up in 1988 for the ground lost in 1987."

Esab raises earnings by 130% at three months

BY OUR STOCKHOLM STAFF

ESAB, THE Swedish group which is the world's leading manufacturer of welding equipment, showed a 130 per cent jump in profits for the first quarter, as a result of earlier cost-cutting and restructuring measures.

The gronp expects full-year profits to show an increase of up to 50 per cent on the 1987 figure of SKr205m ($35m) – after financial items.

Esab's first-quarter profits – after financial items – reached SKr85.3m compared with SKr36.7m in the same 1987 quarter, whicb was a particularly weak quarter for the group.

Order intake totalled SKr1.1bn, virtually unchanged from the previous first quarter, while invoicing rose by 16 per cent to SKr1.107bn.

Mr Bengt Eskilson, group chief executive, said demand for Esab's range of products had generally been good, especially from the UK and Swedish markets, but added that most of the profit improvement came from better margins as a result of the group's cost-cutting programme and restructuring of acquisitions over the past five years.

Demand for welding equipment increased, and automatic equipment showed a slight increase in sales. However, demand for robotic stations was weak, particularly in the important West German and US markets.

Postbank plans flotation

THE DUTCH Finance Ministry said it plans to float a minority stake in the state Postbank by 1990 at the latest, adding it did not rule out the possibility that additional stock could be marketed at a later date, writes Our Financial Staff.

The Government is to allow Postbank to expand its range of services, which means existing restrictions on credit and bond and stock underwriting and trading would be lifted.

The ministry said the precise timing of the flotation would depend on developments on the stock markets.

DnC names managing director

DEN NORSKE Creditbank (DnC), Norway'e biggest bank, has appointed Mr Kristian Rambjoer to replace the caretaker managing director, Mr Harald Arnkvaern, writes Our Financial Staff.

Mr Rambjoer, currently vice-president of the Aker Norcem group, is to take over as managing director of DnC on August 1 or earlier. "DnC faces a crisis of confidence, but I regard this a major challenge," he said.

Mr Arnkvaern temporarily replaced Mr Leif Terje Loeddesoel, who resigned in January after the banking group had run up heavy losses on its securities business. The bank was forced to declare a net loss for 1987 of NKr1.5bn ($243m).

Cockerill sees profit for 1988

By Our Financial Staff

COCKERILL-SAMBRE, the Belgian steel group which has been losing money for years, expects to make a net profit for 1988 should current operating levels be maintained into the second half of the year.

A company official said net losses for 1987 would fall short of the BFr2bn ($57m) for which the group had budgeted. Turnover for last year was expected to total about BFr155bn when the group result is published towards the end of June.

Rationalisation and the low dollar were mainly responsible for the better results, the company said. Cockerill incurred a net loss of BFr4.03bn in 1986 on turnover of BFr165.3bn.

At BFr1.28bn the group losses for the first six months of 1987 were beavier than expected. But Mr Jean Gandois, group president, announced that Cockerill had been breaking even at the operating level for most of the second quarter and that he looked forward to further progress.

Issue by Shun Ho highlights fears over HK equity warrants

BY DAVID DODWELL IN HONG KONG

A HONG KONG fashion for equity warrants scaled new heights yesterday with news of a HK$600m (US$76.9m) warrant launch from the locally-based Shun Ho Property Development.

The issue must highlight concern among the territory's stock exchange officials over the proliferation of warrants, and over potential abuses that jeopardise the maintainance of genuine markets in the shares of a number of quoted companies.

The majority shareholder in Shun Ho is a company called Magnificeot Estates and the structuring of yesterday's warrant issue was nothing if not magnificent in its complexity.

Shun Ho is to offer 1988-dated warraols io a ratio of six for every one share already in issue. It will then offer one 1990 warrant for every five held and a bonus issue of one 1997 warrant for every 10 shares held.

The 1988 warrants can be exercised at HK$1 apiece, though warrant holders who exercise them before August 8 will be allotted one additional 1990 warrant as a bonus for every three 1988 warrants exercised. The company says the exercise price for 1990 warrants will be HK$1.05, and for 1997 warrants HK$1.50.

The company says this byzantine procedore will geoerate HK$600m, half of which will be used to pay for a Hong Kong hotel acquired recently by Shun Ho Property Developmeot for HK$295m.

Shmn Ho Lands, which with Magnificeot Estates cootrols 80 per cent of Shun Ho Property Developmeot, gained a stock market listing in Hong Kong in May last year. Magnificent was acquired by Shun Ho Lands two mooths later.

The company statement yesterday added that Magnificeot Estates – which would be entitled to 50 per cent of the warrants being issued – would not exercise its rights. Instead, its entitlemeot of 1988 warrants will be distributed to its shareholders – Shun Ho Lands. As a parting shot, Magnificeot notes that it also plans to issue warrants.

One of the bizarre consequences of this manoevre is that, until August at least, there will be six times as many Shun Ho warrants in issue as there are Shun Ho shares.

Shun Ho will not be alone with such an imbalance, however. Cathay City, one of three groups controlled by Mr Y.S. Lo that has made substantial warrant issues, is estimated to have 7.6 times as many warrants in issue as voting shares.

On the International Stock Exchange in London, by contrast, no company can issue warrants amounting to more than 10 per cent of its total shares in issue.

By the end of February, 87 different warrants were in issue in Hong Kong, with a total value of HK$34bn. Concern arises not just because the fashion is creating cootradictions in calculating share values, but because they have in many cases evolved as B shares, creating a two-tier share structure that is open to possible abuse by company proprietors and predators alike.

Controversy erupted in Hong Kong almost two years ago over the use of two-tier share structures to maintain control of companies on the cheap, and led the Government effectively to ban such structures.

A number of fund managers detect moves by some company boards to sell down their holdings of shares, at the same time building up their holdings of cheaper warrants.

For a prospective predator, it is possible to build up holdings of warrants at a cost well below the market price for a company's real shares. On conversion, the predator not only gains a cheap controlling stake but attains an average purchase price that allows him to comply with formal takeover rules withoot having to offer minority shareholders a price equivalent to the market value of their shares.

A review of the territory's securities industry is under way, with a report due to be presented to the administration at the end of May. Warrants may be one of the issues given attention.

David Lascelles on a US bank's analysis of the effects on its balance sheet of proposed rule changes

JP Morgan takes capital ratio plans in its stride

J.P. MORGAN, long the most highly rated bank in the US, makes a virtue of its strong balance sheet in its latest annual report.

Alone among the world's leading banks, the parent company of Morgan Guaranty Trust has published a detailed assessment of the effect on its capital ratios of the proposed international regulations being prepared by banking supervisors in Basle. Not surprisingly, these cast Morgan in an excellent light, confirming that its capital is already far in excess of the measures that will not come into force until the end of 1992.

Ironically, the report comes out just after Morgan was stripped of its prized Triple A credit rating by Moody's, one of the New York rating agencies, because of its Third World debt exposure. But Mr Dennis Weatherstone, Morgan president, said he viewed the move "with disagreement and disappointment" and insisted that "J.P. Morgan merits the utmost investor confidence."

The Basle proposals, due for confirmation in June, set two tiers of capital. Tier I consists of shareholders' equity and disclosed reserves, Tier II of general provisions, property revaluation reserves, hidden reserves and other capital instruments. At least half a bank's capital must be in Tier I.

Banks will have to maintain capital equivalent to at least 8 per cent of their assets after these have been weighted according to their riskiness along formulae laid down by Basle.

Morgan's total assets at the end of 1987 were $74.2bn. On a risk-adjusted basis, these come down to $46.5bn, mainly because many of them are low-risk assets such as loans to governmental bodies and other banks. In addition, Morgan calculates it has $24bn in off-balance sheet and other commitments which bring its total risk adjusted balance to $70.5bn.

Insofar as capital is concerned, Morgan reports Tier I resources of $6bn and Tier II of $2.5bn, making a total of $8.5bn. This amounts to 12.05 per cent of risk adjusted assets, or more than half as much again as the 8 per cent required by Basle.

In fact, Morgan admits that its calculations err on the generous side because it has included in its capital calculations its full allowance for credit losses (rather than the 1.25 per cent of exposures as proposed), and has pushed into Tier I some elements of Tier II. These would be permitted under transitional arrangements leading up to 1992. A strict interpretation of the rules puts Morgan's risk/asset ratio closer to 10 per cent.

Few other banks are likely to follow Morgan's example in a hurry. Citicorp says in its annual report that "because the guidelines have not yet been finalised, Citicorp is unable to estimate with accuracy the impact on its capital position."

The UK clearing banks have all said that they are not yet prepared to disclose their risk/asset ratios. Lloyds Bank, which did so on a one-off basis in 1986 (it was 10.6 per cent), does not intend to repeat the exercise for 1987. Most Continental European banks are not in a position to make Morgan-type disclosures because they maintain hidden reserves.

Analysts estimate that a number of leading US banks will be hard-pressed to meet the Basle capital levels without resorting to their shareholders for more equity funds.

Banks like Manufacturers Hanover, Chemical Bank, and Bank of America have been particularly weakened by losses and bad debt exposure. Some US bankers have been pressing regulators to broaden Tier I to include hybrid capital instruments like preferred stock to boost their ratios, but this is unlikely to be agreed.

Mr Thomas Labrecque, president of Chase Manhattan Bank, said he believed the objectives of the Basle accord were laudable, but he feared that they would be implemented differently at individual country level and that US banks would lose out to banks in other countries.

"The common objective is defeated by having different systems," he said. Chase's Tier I capital is currently at 3.54 per cent of risk assets and it is aiming for 4 per cent by year-end.

Morgan's readiness to lay out its capital position is evidence that the Basle accord will put pressure on banks to improve their standards of disclosure. Strong banks will be eager to capitalise on their soundness to reinforce their position in the market and gain competitive advantage over their weaker rivals. Banks which fail to make the disclosure will increasingly risk drawing invidious comparisons with their more candid competitors

"It copld become a form of advertising," says Mr Rodney Schwarz, who analyses banks for PaineWebber in London.

J.P. MORGAN
Effect of Basle capital proposals

	Balance $bn	Risk-adjusted $bn
Total assets	74.2	46.5
Commitments & contingencies	39.2	17.2
Foreign currency and precious metal contracts	150.6	5.9
Interest rate contracts	83.7	0.9
Total assets and off-balance sheet exposures		70.5
Capital: Tier I		6.0
Tier II		2.5
Total capital		8.5
Ratio of total capital to risk-adjusted assets and exposures		12.05%

Source: J.P. Morgan annual report 1987

Record first quarter for Capital Cities/ABC

BY OUR FINANCIAL STAFF

CAPITAL CITIES/ABC, the big US media group, has reported record first-quarter earnings, but said it expects declining advertising demand in certain print and hroadcast media markets to depress its outlook for the year.

The company reported 1988 first-quarter oet earnings of $70.8m, or $4.16 per share, against $23.9m, or $1.43, in 1987. It said the ABC Television Network reported a sharp loss for the quarter due to e deficit of about $65m incurred in broadcasting the Winter Olympic Games.

The company did not detail ABC's results but reported that overall broadcasting revenues in the first quarter were $1.04bn against $721.9m in the first quarter of 1987. Capital Cities attributed the revenue increase primarily to its Winter Olympic and Super Bowl XXII broadcasts.

Operating earnings for the company's television stations and for ESPN, the cable network for which it provides programming, were well ahead of 1987 results, but the company did not provide detailed figures. Capital Cities owns eight television stations aside from ABC.

On the publishing side, Capital Cities reported declining earnings, although net publishing revennes increased to $246.2m from $237.3m for the comparable prior-year period.

The decline mainly reflected sluggish advertising demand and the effect of several start-up publications it has recently launched.

On the general outlook, Capital Cities said that, in spite of benefits from the reduced Federal tax rate and a continued decline in its net financing costs, weak advertising demand at the broadcast television network and at specialised publications would dampen 1988 results.

BHP sells rest of Rheem to SA Brewing

BY CHRIS SHERWELL IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's largest company, yesterday sold its remaining shares in Rheem Australia to SA Brewing Holdings, the Adelaide-based beer maker, thereby concluding another element of its A$1bn (US$756m) programme of asset disposals.

The steel, petroleum and minerals group decided in February to sell its 61 per cent stake in the packaging and appliance group. The sale is to help pay for BHP's A$2.7bn restructuring plan to neutralise the influence of Mr John Elliott's Elders IXL and Mr Robert Holmes à Court's Bell Resources, which together then owned almost half the company.

In March, Email, the white goods manufacturer, offered BHP A$2.35 a share for its Rheem stake. But a few days later BHP announced the sale of 29.6m Rheem shares to SA Brewing at A$2.65 and 6.95m options at A$3.80.

With this 19.9 per cent stake under its belt, SA Brewing said it would be bidding for the balance at the same price, and BHP yesterday confirmed its acceptance of the offer. The bid valued Rheem at A$438m.

Earlier this month BHP also agreed to the early redemption by Elders IXL of BHP's preference shares in Elders. The redemption was expected to give BHP about A$950m to repay short-term debt which helped finance the group's restructuring.

BHP has previously announced some A$133m of sales including resources projects in Western Australia and Queensland, petroleum interests in Queensland and a stake in a plastics joint venture with Monsanto of the US.

● BHP is raising A$150m through its first Eurocommercial paper programme, AP-DJ adds from Melbourne.

The funds are for general corporate financing, the company said. BT Australia is arranging the programme in Hong Kong for BHP Finance.

● Industrial Equity (IEL), Sir Ron Brierley's Australian company, has lifted its 13 per cent stake in Rothmans Holdings to just 15 per cent through an unusual tender seeking offers of any number of shares at any price.

IEL had aimed to reach a 20 per cent holding in the Australian tobacco and confectionery company which is half owned by Rothmans International of the UK. It accepted slightly more than 2m shares at an average A$9.30, which compares with a current market price of A$8

Jump at Mitsubishi Petrochemical

BY OUR FINANCIAL STAFF

MITSUBISHI PETROCHEMICAL, Japan's largest petrochemical group, pushed consolidated net profits 2.7 times higher last year to Y10.13bn ($81.2m) from Y3.75bn, more than offsetting a 1986 earnings slide.

The company, in which Royal Dutch/Shell has a minority stake, attributed the result to cost cutting as well as lower material and production costs – it came in spite of a 3.3 per cent dip in sales to Y337.34bn.

The turnover setback affected its mainstream petrochemical business while resins were up 3.1 per cent to Y129.48bn. Overall, group net earnings per share rose to Y26.80 from Y10.55.

Issue activity subdued in all currency sectors

BY DOMINIQUE JACKSON

The Eurobond market spent yesterday transfixed by the US first-quarter gross national product figures with activity subdued in all currency sectors and syndicate desks remaining prudently on the sidelines as the figures failed to signal any fresh trends.

"It was deathly quiet ahead of the announcement and barely any different afterwards as most people tried to read something deep into the figures," commented one veteran dealer.

The 2.3 per cent growth in first-quarter GNP was close to the median of a wide range of forecasts but the 2.4 per cent deflator, used to measure inflation, was below expectations and boosted the futures markets. In a knee-jerk response, US Treasury bond and Eurodollar bond futures rose to new highs on the London International Financial Futures Exchange but eased back in later trade.

The news on the deflator, which went some way to alleviating inflationary fears, was seen as the positive element and both Treasury and Eurodollar bond prices posted moderate initial gains. However, momentum was limited by continued low volume. Prices were supported by a moderate resurgence of retail interest and short-covering but ended the day only marginally better.

Although no new dollar-denominated bonds emerged, syndicate managers said some shorter-dated deals might surface today. These include a reported $250m to $300m issue for Procter and Gamble with a maturity perhaps as short as one year.

Although the borrower is a top-rated credit and a popular name, syndicate managers were divided about the wisdom of the unusually short maturity. Rather than buy a bond, many investors would be inclined to put funds on deposit for a year, said one.

Many institutions who reduced US dollar commitments last year are now looking to increase these holdings but they are becoming increasingly selective.

However, for a select club of borrowers, chiefly sovereign and supra-national names, there is still good investor demand. This was evidenced yesterday as Monday's issue for Electricite de France was increased to C$125m from an initial C$100m. Lead manager Banque Paribas Capital Markets said the deal was seeing widespread demand, in particular from institutional investors.

A buoyant London equity market boosted activity in sterling convertibles. The market was buoyed by a wave of bid speculation following the announcement of the £2.1bn hostile bid by Nestle, the Swiss food giant, for

INTERNATIONAL BONDS

Rowntree, the UK confectioner. As Rowntree's share price soared by more than 20 per cent, the price of an existing Rowntree sterling convertible bond due 2002 was marked up to around 160 from levels of about 115 earlier this month. The size of the increase surprised some convertible specialists.

Activity in gilts was subdued but dealers said professionals had come in to support the market at the levels seen after last week's profit-taking. The market is expected to be lacklustre ahead of Friday's UK March trade report.

Some seasoned five-year Eurosterling issues attracted investor interest although most of last week's new issues are still languishing outside fees.

In the Euroyen sector, investors were sidelined by the twin deterrents of the upcoming Japanese "Golden Week" holiday and speculation on the terms of the May 10-year Japanese Government Bond issue which could be announced today.

The Ministry of Finance has announced that it will issue Y1,000bn of bonds and the favoured terms at the moment are for a 4.6 per cent coupon and par issue price. Dealers said the terms were crucial in determining a clear sector benchmark. Japanese securities houses have been at loggerheads lately in a struggle over a new benchmark with the market split between the No 105 and the most recent No 111. Yamaichi International and Salomon Brothers joined the ranks of houses to issue series of call and put warrants on various major JGB issues this week. The deals, usually tailor made for specific groups of Japanese investors, offer a novel hedging instrument for domestic investors. Sector specialists said the warrant packages were an attempt to introduce a speculative element into what is traditionally a conservative market.

Yamaichi Securities launched a Y30bn Daimyo bond for the African Development Bank. Daimyo bonds are yen deals issued in Tokyo for foreign borrowers but settled through Eurobond clearing agencies Euro-clear and Cedel and widely traded here. Yamaichi International said the 5⅛ per cent 12-year deal at 100¾ was the longest ever Daimyo issue. It was bid at a discount of 1⅛ against total 1⅞ per cent fees.

Shearson Lehman Hutton reduced the amount of its convertible issue last week for US Cellular Communications to $50m from $75m. The coupon was set at 7¾ per cent and the conversion premium was 20.2 per cent.

In West Germany, prices of both domestic and Eurobonds were marked down, by as much as ½ point, in continuing lacklustre trade. The bearish undertone did not improve conditions for Monday's large DM500m issue for Turkey which has suffered from adverse perceptions of the country's credit risk. The deal was quoted bid at a discount of 2⅜ against total 2¼ per cent fees.

Swiss bond prices also eased marginally in low turnover. The only new issue was an unusual SFr100m 15-year floating-rate note for BIL Finance Cayman, guaranteed by parent Bank in Liechtenstein and led by Zurich Cantonal Bank. The coupon will be ⅛ point over six-month London interbank offered rate (Libor) for the first four years and 5 per cent thereafter.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 26

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	95¾	96¼	0	0	8.76
All Nippon Air 9⅝ 97	100	†97¼	97¾	0	0	9.79
American Brands 8¾ 92	150	†98¾	99¼	+0⅛	0	9.15
A/S Eksportfinans 7⅞ 93	100	†93¾	94⅛	0	0	0.98
A/S Eksportfinans 7¾ 92	150	95⅜	95¾	0	+0⅛	8.69
Barc. Bk. Fin. 10⅛ 89	200	†102¾	103⅛	0	0	8.08
Belgium 9¼ 92	400	†101	101½	0	+0⅛	8.74
British Telecom 7⅝ 96	250	89½	98	+0¼	+0⅛	9.43
Cal.Natl.Telecom 8½ 93	160	99½	100	0	+0⅛	8.55
Canada 9 96	1000	†99¼	99¾	+0⅛	+0⅛	9.08
Canadian Pac 10⅛ 93	100	†104	105	0	−0⅛	9.58
C.C.C.E 7⅛ 91	113	†95½	96	0	+0⅛	8.56
C.N.C.A 7¾ 91	150	†95¼	95¾	+0¼	+0⅛	8.72
Coca-Cola Ent. 8⅛ 90	100	*100½	101	0	0	7.84
Credit Lyonnais 9 91	200	100⅞	101⅛	0	+0⅛	8.52
Credit National 7⅞ 92	100	95¼	95¾	+0⅛	+0⅛	8.72
Credit National 7¾ 91	150	95¾	96¼	0	+0⅛	8.55
Denmark 7⅛ 92	500	94¼	94¾	0	+0⅛	8.86
E.E.C 7 91	100	95⅜	95⅞	0	+0⅛	8.43
E.E.C. 7¼ 93	250	94	94½	+0⅛	+0⅛	8.78
E.E.C 8¼ 96	100	†93¾	94¼	0	+0⅛	9.35
E.I.B 7⅛ 93	100	94⅜	94⅞	+0⅛	+0⅛	8.86
E.I.B. 9⅜ 97	150	†99⅝	100	+0⅛	+0⅛	9.40
Elec. De France 9 98	200	96⅝	97	0	+0⅛	9.52
Gen Elec Credit 10⅛ 00	200	†102	102⅛	+0⅛	+0⅛	9.92
G.M.A.C. 8 89	250	†99¾	100¼	+0⅛	+0⅛	7.94
G.M.A.C. 8¼ 89	200	†100	100½	+0⅛	+0⅛	7.97
Hoesch 8¼ 97	100	†92¼	93¼	0	0	9.44
Italy 9 90	1000	101¾	102¼	0	0	8.08
L.T.C. B of Japan 8 91	100	98½	99¼	−0⅛	+0⅛	8.42
L.T.C. B. of Japan 0 97	200	†89½	89⅞	0	+0⅛	9.86
Mercds-Benz Cd. 8½ 95	100	96¾	97¼	+0⅛	0	9.10
Metropolis Tokyo 9½ 93	200	102	102½	+0⅛	+0⅛	8.87
Mitsubishi fin. 7⅞ 93	100	†93½	93⅞	0	0	9.36
Norway 8⅛ 93	500	99¾	100¼	+0⅛	+0⅛	8.74
Pepsico Inc 7⅞ 93	200	*93¼	93¾	0	0	9.00
Portugal 8⅛ 91	300	98⅜	98⅞	0	+0⅛	8.79
Prudential Crp. 8⅞ 94	125	†99½	100	+0⅛	+0⅛	8.79
Qantas Airways 10⅛ 95	140	†104	104½	+0⅛	+0⅛	9.52
Saab Scania 9½ 91	125	†102½	103	0	−0⅛	8.34
Saskatchewan 10¼ 92	100	†105¼	106¼	+0⅛	+0⅛	8.83
State Bk S Aust 9¼ 93	100	†100⅛	100⅝	+0½	+0½	9.13
Swedish Expt.Crd.7¼ 91	100	†95⅝	96⅛	−0½	0	8.59
Swed Exp Cred 10 92	100	†104	104½	0	−0⅛	8.71
Sweden 7 91	250	95¾	96¼	−0⅛	−0⅛	8.36
Sweden 7 92	250	†95	95½	0	+0⅛	8.50
Sweden 8⅞ 96	200	96⅝	97⅛	+0⅛	+0⅛	9.52
Sweden 8½ 92	200	*99⅜	99⅞	0	0	8.58
Toyota Mtr. Cred. 9 90	200	†101¼	102¼	0	0	8.15
Victorian Rep 11⅝ 92	150	108⅜	108⅞	0	+0⅛	9.01
World Bank 7 92	300	†95⅛	95⅝	−0⅛	0	8.47
World Bank 9 97	300	98	98½	+0⅛	+0½	9.27
Yasuda Trust Fin 8½ 93	100	96⅝	97	0	+0⅛	9.34

Average price change... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	102⅞	103⅜	0	0	5.40
Avis Fin.SVS 5⅞ 92	100	†104	104½	−0¼	+3⅛	4.65
Bank of Tokyo 5¾ 93	100	†103	103⅜	−0⅛	+0¼	4.97
Central BK. Turkey 7 92	200	†104½	105	−0½	−0½	5.74
Commerzbank o/s. 5⅜ 93	300	†101½	101⅞	0	−0⅛	4.97
Degussa Int. 6⅛ 97	200	100⅞	101⅝	0	0	5.94
E.I.B 5½ 98	150	96⅛	96⅝	−0¼	−0¼	5.97
E.I.B 6 97	300	100⅝	101¼	−0¼	−0⅜	5.88
E.I.B. 6⅛ 96	300	101⅝	102⅛	−0½	−0⅝	5.85
E.I.B. 6⅛ 97	400	100¼	100⅞	−0⅝	−0¼	6.05
E.I.B. 6⅞ 95	300	106⅛	107	−0¼	−0⅛	5.76
Euro.Coal& Steel 5⅞ 97	175	99¼	100	−0⅛	−0½	5.93
Eurofima 6⅛ 96	100	102¼	102⅞	0	+0½	5.85
Elec De France 5⅞ 97	300	98	98¼	−0¼	−0⅛	5.98
Forsmark Krtg. 5⅛ 93	200	100⅞	101¼	−0¼	−0⅝	4.88
I.A.O.B. 6 97	200	99	99½	−0¼	−0⅛	6.09
IBJ 5⅞ 92	100	†103¼	105⅛	0	0	4.98
Japan Finance 5⅛ 97	100	97½	98¼	−0½	−0⅛	6.06
Ireland 6½ 97	300	†101⅛	101⅝	−0⅛	−0⅞	6.28
Korea Dev BK 6⅝ 93	100	102⅞	103⅜	−0¼	−0¼	5.86
Malaysia 6⅛ 94	150	101⅛	102⅛	−0⅛	−0½	5.98
Oesters. Kontbk. 5 93	300	100⅛	101	−0⅛	−0⅝	4.84
Portugal 5⅛ 92	150	102⅛	103⅛	0	+0⅛	5.01
Portugal 6⅝ 95	150	102⅛	102⅞	−0⅝	−0⅞	6.18
Privatbanken 5⅛ 93	150	99⅝	99⅞	−0⅛	−0⅛	5.31
Royal Insurance 5½ 92	300	†102⅛	102⅝	−0⅛	+0⅛	4.82
Statoil 6⅛ 97	200	†100⅛	100⅞	0	0	6.15
Soc Cent Nuclear 7⅛ 95	150	105⅞	106⅝	−0⅛	−0¼	6.14
Tokyo Elec. Power 6 97	300	†99⅝	100⅛	0	−0⅛	6.00
Westlb. Finance 5 93	200	†99⅝	99½	0	−0⅛	5.12
World BK. 6⅛ 97	600	101	101¼	−0⅛	−1	5.97

Average price change... On day −0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅛ 96	100	†102⅛	103⅛	+0⅛	+0⅛	5.17
Asfinag 5 02	150	†100⅛	101	0	+0⅛	4.91
Bk. Frgn Econ. Usr 5 98	100	†100	100⅛	0	0	4.98
Bayer W/W 2½ 02	250	*99⅛	99⅝	0	+0⅛	2.56
Bayer. Vrnsbk.Os.4⅞ 98	100	†102	102⅛	0	0	4.47
Elec De.France 5 07	100	*101⅛	101⅞	0	0	4.89
E.I.B. 4⅞ 97	200	†102	102⅞	0	−0⅛	4.43
E.I.B 4⅝ 97	200	†100⅛	101	+0⅛	+0⅛	4.50
Enso Gutzeit 5 99	100	*101⅛	101⅝	0	+0½	4.84
Ireland 5 02	150	†98½	99	−0⅛	+0⅛	5.12
Nippon Selz Kshu 4⅞ 93	80	†103½	103¾	−0⅛	−1⅛	3.82
Occidentl.Petrol 5⅛ 92	100	†103⅛	104	+0⅛	0	4.61
Prov.of Manitoba 4⅞ 02	200	†101½	102	−0⅝	−0⅝	4.51
Prudential Fin. 4⅛ 98	200	†101½	101⅝	0	0	4.54
Qantas Airways 4⅞ 97	110	†99	99⅛	−0⅛	−0⅛	4.86
SHV Holdings 4⅞ 94	100	*102⅛	102⅝	0	0	4.36
Trans-Can. Pipe 4⅞ 94	100	†101⅛	101½	−0½	−0½	4.59
Usfrg. 5½ 96	120	†103½	103¾	0	−0⅛	4.92
Victoria Pub.Ath.5⅛ 03	118	†102	102½	0	−0½	5.15
World Bank 5 02	200	†100½	100⅞	0	+0⅛	4.94

Average price change... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	102⅛	103	0	0	4.67
Belgium 4⅞ 94	45	98⅛	98½	0	+0⅛	4.94
Canada 4⅛ 92	80	99⅛	99½	0	+0⅞	4.54
Elec. De France 5⅛ 94	20	101	101½	0	+0⅛	4.88
Ireland 5⅛ 93	30	100½	101	0	+0⅛	4.95
Norway 4⅞ 92	60	98⅛	98⅝	0	+0⅛	4.63
Rep. of Italy 5⅛ 92	150	104	104⅛	−0⅛	0	4.54
Sweden 4⅞ 92	50	98⅞	99⅛	0	+0⅛	4.64
World Bank 5⅛ 92	50	103⅞	104⅛	0	+0⅛	4.47

Average price change... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10⅛ 93 £	50	101⅛	102⅞	0	−0⅞	9.69
Alg. Bk. Ned. 5½ 92 FL	150	100⅞	101⅛	+0⅛	0	5.20
Amro Bank 6⅛ 92 FL	150	102⅛	102⅝	−0⅛	−0⅛	5.60
Barc. Aust. 14 91 A$	20	†104	104½	0	+0⅛	12.32
Barc. Bk. 10⅛ 97 £	250	99½	100	−0⅛	−1⅛	10.27
BP.Capital 9⅛ 93 £	100	100⅞	101⅛	−0⅛	−1⅛	9.48
British Airways 10 98 £	100	97⅛	97⅝	0	−2	10.43
C.I.B.C. Mort. 10⅞ 93 C$	100	†102⅛	102⅞	0	+0⅛	10.05
Coop.Ctr. Rabo. 6⅛ 93 FL	100	102½	103	+0⅛	+0⅛	5.56
Coop.Ctr. Rabo. 6 92 FL	200	101⅛	102⅛	0	0	5.44
Denmark 7⅛ 92 ECU	100	†102½	103	−0⅛	−0⅝	6.87
Deutsche Bank 9⅞ 97 £	75	†100⅛	100⅝	−0⅛	−1⅛	9.81
Deut. Bk. Aust. 12⅛ 95 A$	70	†105⅛	105⅝	+0⅛	+1⅛	11.53
Dresdner fin. 13⅞ 91 A$	100	*105⅛	105⅝	0	+0⅛	11.68
E.I.B 10⅛ 98 C$	130	†100⅝	101⅛	0	+0⅛	9.97
E.I.B 8⅝ 93 LF	1000	†102⅛	103⅛	0	0	7.77
Euratom 7⅞ 97 ECU	145	†96⅞	97⅛	−0⅛	−1⅛	7.85
Eurofima 7½ 92 FL	50	100⅞	108⅞	−0⅛	−0⅛	5.91
Eurofima 17½ 89 NZ$	50	*103⅛	103½	0	0	14.61
Fed. Bus. Dv. Bk. 9⅛ 92 C$	75	†100½	101	0	+0⅛	9.51
Ford Cr.Can. 10⅛ 93 C$	100	†103⅞	104⅛	0	+0⅛	9.65
Gillette Can. 9⅝ 93 £	70	97⅝	98⅛	−0⅛	−1⅛	10.17
G.M.A.C. 9⅛ 92 C$	75	98⅞	99⅜	0	+0½	9.55
G.M.A.C Aus. Fin. 14 90 A$	50	†103⅛	103⅞	+0⅛	0	11.97
Halifax BS 10⅞ 97 £	100	99½	100	−0⅛	−1⅞	10.41
Heineken NV. 6½ 91 FL	150	†104½	105	+0⅛	0	4.62
Imp Chem Inds 10 03 £	100	†99	99⅛	0	−0⅛	10.10
Inv. Industry Int. 10 93 £	60	101½	102	−0⅛	−1⅛	9.54
Lloyds Bank 10⅛ 98 £	150	98½	99	0	−0⅞	10.45
Mtge. Bk. Den. 6⅛ 91 FL	100	103⅛	103⅝	0	0	5.43
Nat. Australia 14 92 A$	50	†104⅛	104⅝	0	+0⅛	−0.90
Nat. West. Bk. 13⅛ 92 A$	50	†105	105½	+0⅛	+1⅛	11.53
Nationwide BS 10⅛ 93 £	75	101½	102	0	−0⅛	9.66
Ned. M Idd. Bank 6 92 FL	150	101⅛	101½	0	−0⅛	5.63
New Zealand 7⅞ 93 ECU	200	†100½	101	−0⅛	−1⅛	7.55
Oesters. Ktbk. 13⅝ 94 A$	75	†106⅛	106⅝	+0⅛	+0⅛	12.06
Prudential Fin. 9⅞ 07 £	150	90⅝	91	−0⅛	−2⅛	10.53
Royal Bk. Scot. 10⅞ 98 £	125	99⅝	100½	−0⅛	−2	10.69
S.D.R. 7⅛ 95 ECU	90	†99⅛	99⅝	−0⅛	−1⅛	7.84
World Bank 5⅛ 92 FL	100	101⅛	101⅞	0	−0⅛	5.31
World Bank 13⅛ 92 A$	100	†105⅛	100⅛	+0⅛	+0⅛	11.47

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 5 93	.0312	100.11	100.21	13/06	8.17
Alliance & Leic. Bld 94 £	.05	99.24	99.29	21/07	8.33
Belgium 91	0	100.17	100.27	22/08	7
Britannia 5 93 £	0⅛	99.77	99.82	8/07	8⅜
Chase Manhattan Corp 91	0⅜	99.17	99.35	22/08	6.94
Citicorp 98	†0⅛	96.40	96.65	29/04	6.89
EEC 5 92 DM	10	100.60	100.65	22/08	3.56
Halifax BS 94 £	.1	99.62	99.67	9/05	9.6
Int. In Industry 94 £	0	99.62	99.73	24/05	9.44
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.37
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.44
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.98
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.94
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.13
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9½

Average price change... [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	29.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21.44
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	26.78
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	65.71
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−2.03
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.05
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.48
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.08
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.48
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	30.16
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	69.86
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.31
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.84
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.71
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	38.92
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.42

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: [illegible]

Floating Rate Notes: [illegible]

Convertible Bonds: [illegible]

Placer and BP units arrange gold loans

By Kenneth Gooding, Mining Correspondent

GOLD LOANS totalling about 520,000 troy ounces have been arranged to help finance two new mines.

Placer Pacific, the Australian offshoot of the Canadian Placer Dome group, will use its cash to help bring the Misima gold mine in Papua New Guinea into production.

The second loan will help finance construction of the Ridgeway gold mine in South Carolina, which is 52 per cent owned by BP Minerals, part of the UK group, and 48 per cent by Galactic Resources of Canada.

Placer said it has signed a 400,000-ounce gold credit facility, which gives the option of drawing gold through a gold loan or to support gold warrants.

Repayments can be in gold or in US dollars. At current exchange rates the credit is worth US$179.4m. The company said the credit represents 400,000 ounces of gold if drawn over five years to support its gold warrants, but 200,000 ounces if used as a direct gold loan or US$100m if all drawn in that currency.

Placer predicted that first-year output of the Misima mine will be more than 400,000 ounces of gold and 2.6m ounces of silver. Annual production thereafter is projected at more than 200,000 ounces of gold and 2m ounces of silver.

The total cost of bringing Misima into production is put at A$270m and the company will use funds from the gold credit – arranged through Chase Investment Bank and Chase AMP Capital Markets – and A$83.6m from a private placement of shares in July last year.

Financing of the Ridgeway mine has been completed through a US$56m gold bullion loan – involving about 120,000 ounces – negotiated with N.M. Rothschild and Mase Westpac. Ridgeway, which is expected to produce an annual 158,000 ounces of gold, is scheduled to come into production late this year.

Repayment of the loan has been assured by letters of credit totalling US$125m from a consortium of five financial institutions. The letters of credit will also back certain long-term contracts for the forward sale of gold.

Boeing profits 15% ahead in first quarter

By Anatole Kaletsky in New York

BOEING, THE leading US manufacturer of aircraft, has reported net profits of $136m or 89 cents a share in the first quarter of 1988, up by 15 per cent on the $118m or 76 cents it earned in the same quarter of last year.

The gain was achieved in spite of a marginal decline in revenues to $3.61bn from $3.76bn in the first quarter of 1987.

Boeing said the higher earnings of the latest quarter were due partly to a decline in research and development expenditure, which the company charges directly to earnings. R&D spending was $171m in the quarter compared with $205m a year earlier.

The company said that its spending in this sector for the remainder of 1988 was expected to be below the levels of 1987.

Boeing noted that its order backlogs were strong and that its family of commercial airliners was "well positioned to satisfy worldwide airline requirements."

However, it also warned shareholders of a number of potential problems in both the immediate future and in the medium term.

The company said that deliveries of new technology 737s, as well as some 747 and 767 aircraft, would be delayed if labour disputes at the Snecma aero engine facilities in France continued beyond mid-May.

It also warned that cuts in the US federal budget were causing significant pressures on defence and space spending.

CORRECTION
Horwath & Horwath

OUR TABLE of April 19 showing the largest accounting groups in Europe inadvertently omitted Horwath & Horwath. The firm's fee income of $175m in 1987 made it the 12th largest. Its worldwide fees were $544m, of which 53 per cent were earned in the US, 12 per cent in the UK, 20 per cent in the rest of Europe, and 15 per cent elsewhere.

Deborah Hargreaves on the Pandora's Box of off-exchange products

Rule-making dilemma for CFTC

WHEN the US Commodity Futures Trading Commission regulatory body launched itself into the debate surrounding off-exchange futures and options instruments last December, it lifted the lid off a Pandora's Box of self-interest in this unwieldy market.

Bombarded by a mass of public comment in response to a proposed rule-making procedures for off-exchange products – which was released in December – the CFTC is now faced with a seemingly unbridgeable gap between off-exchange proponents, who consider it is being too tough on their instrumants, and established exchanges which chastise the Commission for not being tough enough.

Over 500 pages of material had arrived at the CFTC by last week's closing date, containing comments ranging from the enraged to the merely critical, and highlighting the sensitive nature of this amorphous market.

Even the CFTC admits it is groping in the dark for a way to regulate the rapidly growing over-the-counter futures and options market. Its first modest aim was to lay out criteria for excluding certain types of off-exchange products from its regulatory reach. However, it is going about this with so many provisos, the critics argue, that would render exclusion a complex and bureaucratic procedure.

"They are exploring an area, where they are not certain of what to do," remarks Mr Richard Nathan, a lawyer, who was deputy general counsel to the CFTC until 1979. "Unfortunately, the release they put out was a little too definite in tone . . . and now they should back off."

Mr Nathan speaks for many market participants when he criticises the CFTC for stepping outside its jurisdictional reach – as laid down by the Commodity Exchange Act which set up the Commission in 1974.

The Commission's proposal suggests that certain hybrid instruments – which have a futures or a commodity option element combined with other characteristics – be excluded from its regulation if the futures or options element is a minor feature. It further proposes to exclude hybrids that – for one reason or another – already come under the regulation of another agency, such as the Securities and Exchange Commission or the Federal Reserve Board.

Hybrid instruments are by far the fastest-growing area of the off-exchange market and include a broad sweep of products which are linked in some way to a return based on the performance of a commodity.

Specific exemptions

These can be capital-raising instruments, such as gold or oil-indexed notes offered by companies, or even bank certificates of deposit with a return tied to the performance of a stock index – the Standard & Poor's 500, for example.

While the CFTC says it intends to simplify regulation of hybrids by excluding some of them from its oversight, it also wants to require purveyors of those products to apply for a specific exemption to its rules. To be granted one, they would have to prove that the product met a range of commission criteria.

The need to register a product with the CFTC has infuriated many players in the market, who believe it has no jurisdiction in this area in the first place and is just muddying the waters with its proposals. The proposal is a "hindrance" to free markets, the critics cry, and in danger of "stifling" market creativity and pushing business offshore.

The US Treasury points out that the Commission's plan implies a prohibition of all hybrid instruments with a "commodity" element which are not specifically permitted or exempted by the CFTC. This has already generated considerable uncertainty in the market, the Treasury claims, "even with respect to axisting contractual arrangements."

It all goes back to an interpretation of how far the Commission's powers extend under the Commodity Exchange Act and what Congress's intention was in setting the agency up. The CFTC has relied upon a fairly broad interpretation of the Act, according to Mr Nathan, but just because the courts have interpreted the Act broadly in certain cases, "it doesn't follow that they would always be that expansive."

Most of the CFTC's critics want it to "back off" from its tough stance, including the Treasury, which argues that the Commission has not identified any public policy benefits that would be significant enough to offset the negativa effects of its proposal. Indeed, in the arcane legal debate about the off-exchange market, it is easy to forget that the Commission's main concern is to protect the public from being exploited.

With this as its main aim, the CFTC also proposes to adopt a "no-action" clause for certain forward contracts taking place between commercial operations – a practice much favoured by the oil industry. And it is here that the CFTC has drawn fire from the established exchanges which are so keen on its other proposals.

The Chicago Board of Trade calls this proposal "legally flawed," believing it to be fertile ground for the sprouting of a variety of off-exchange abuses. The exchange does not believe the Commission has the authority to exclude forward contracts from its oversight and urges a tougher stand in this area.

Widespread unrest

In the face of all this criticism, the CFTC acknowledges the complex nature of the off-exchange arena and says it is difficult to know where to draw the line in regulating such products. It is well aware of the widespread unrest in the market community about the legal nature of off-exchange business and has undertaken to digest the comments it has received and to come up with a subsequent rule-making draft as soon as possible.

With the commission due to be re-authorised by the US Congress next year – a process that involves reporting to the Congress and answering any questions raised – the CFTC is likely to want to be seen taking a stand on these issues. Since the SEC has been trying to encroach upon the CFTC's regulatory field in the wake of the stock market crash, the debate over off-exchange products could also get dragged into the turf battle between the two agencies.

Whatever happens, the off-exchange market is likely to continue to widen and to become even more complicated. Indeed, many market participants "are trying to make a living out of making the market more complicated," one Chicago exchange official complains.

Record foreign borrowings in Switzerland

BY JOHN WICKS IN ZURICH

FOREIGN BORROWINGS in Switzerland reached a record SFr16.8bn in the first quarter of this year, the Swiss National Bank reported yesterday.

This sum, covering capital market transactions subject to National Bank approval, was 47 per cent up on the same period of 1987, largely due to a 48 per cent increase in foreign bond and note issuance to SFr13.9bn.

The National Bank drew attention to a revival of equity-linked issues in February and March as a reflection of the recovery on stock markets, "particularly in Japan." However, continuing uncertainty about share prices meant that, almost invariably, they had a put option.

Japanese borrowers continued to dominate the foreign-borrowers' sector of the Swiss capital market, with a noticeable rise in convertible and warrant issues in the first quarter over the final quarter of last year. The volume was, however, still below that for the first quarter of 1987.

Some 84 per cent of all foreign borrowings, the remainder of which were accounted for by banks' export and finance loans, went to industrialised countries, as compared with an average of almost 90 per cent for all 1987. The share of development organisations was 8 per cent and that of developing countries 5 per cent.

The sharp rise in foreign issues was largely responsible for the overall growth of Swiss capital market transactions in the first quarter. These rose by 30 per cent over the corresponding 1987 period to SFr18.2bn. Bond issues by domestic borrowers were up 16 per cent over the year to SFr4bn, while domestic share issues of SFr300m were only about a quarter of the corresponding figure for last year.

However, the volume of redemptions on the market (for both foreign and domestic borrowers) doubled compared with January-March 1987, so the net call on the market rose only 16 per cent to SFr13.3bn.

BET seeks over £200m for Argus

BY CLAY HARRIS

BET, the international services group, yesterday put its Argus Press magazine and newspaper publishing subsidiary up for auction. The disposal is expected to raise more than £200m.

Argus publishes business magazines in the UK and US as well as consumer magazines in the UK and local newspapers in and around London. The division made operating profits of £14m on turnover of £143m in the year to March 1987.

City analysts predicted lively competition between a number of domestic – and possibly non-UK – bidders for the publishing businesses which will be auctioned by Morgan Stanley International, UK-based subsidiary of the US investment bank.

BET said it would entertain offers for the entire group or for any of the four divisions, but not for individual titles.

In the UK, Argus is one of the five largest magazine publishers, with titles including Slimming and Mother & Baby.

Its worldwide total of 150 magazine titles, 80 yearbooks and directories, 90 local newspapers and 120 specialist books was seen yesterday as an attractive package for communications groups with global ambitions.

Among the possible British contenders are Maxwell Communication Corporation, Reed International, United Newspapers and Emap.

From overseas, Hachette of France and VNU, Elsevier and Wolters Kluwer of the Netherlands could have an interest in some or all of the businesses.

The US business magazines, accounting for half of profits, are expected to attract interest from domestic US companies as well as foreign groups keen to take advantage of the weak dollar.

The disposal will put BET into a net cash position. With large borrowing facilities in place, including three separate commercial paper programmes, BET will be in a position to make a large purchase, perhaps worth £500m or more.

However, the group denied that it had any takeover candidates of this size in its sights and suggested that imminent acquisitions would follow the recent pattern of small to medium-sized additions to its service businesses. These businesses include textile rental, cleaning, waste disposal, and plant and security services.

Earlier this month BET sold Rediffusion Simulation, the maker of flight simulators for civil and military aircraft, to Hughes Aircraft of the US for £151m.

Also up for sale are Rediffusion Radio Systems, a maker of electronic communication equipment, as well as its Channel Islands electronics rental business annd overseas broadcasting interests.

The planned sale is the latest in a series of disposals by BET, which plans to concentrate on what it describes as support services. BET shares closed 12p higher at 244p.

See Lex

Interest credit helps FR rise 32% to £22m

BY VANESSA HOULDER

A NEARLY tripled interest credit helped FR Group, maker of specialised equipment for the aircraft, energy and electronics industries, increase pre-tax profits by 32 per cent to £22.1m for 1987. Operating profits increased by 14 per cent to £17.5m, on turnover up by 17 per cent to £116.4m (£99.1m).

Mr Giles Irwin, group financial director, said it had been a very satisfactory year, with particularly strong performances from FR Aviation and WES, a missile container manufacturer. Alan Cobham Engineering, however, had experienced increased competition and a downturn in profits. Order books for most of the group were strong for the current year, he added.

Spending on research and development, which increased by 25 per cent during 1987, was likely to increase at a rate of 20 per cent this year, said Mr Irwin.

Net interest received was £5m (£1.8m) and the cash balance at the end of the year stood at £40m. The company made a £40m rights issue in 1986, since when it has spent £20m on new aircraft for its FR Aviation subsidiary and acquired Carleton Components, a US aerospace control system manufacturer for $30m in August.

The company was interested in five potential acquisitions, all but one in related businesses, said Mr Irwin. Two were in the US, two in the UK and one on the Continent.

Earnings per share increased by 9.2 per cent to 19.37p. The proposed final dividend is 3p, making a total for the year of 4.62p (3.85p).

● comment

The City has long been used to the FR Group producing organic growth of at least 20 per cent per year, and these somewhat disappointing results prompted a 27p slide in the share price to 252p. Aside from the sluggish earnings on the group's cash pile, however, the slowdown can be largely ascribed to the major boost in R&D spending - a measure, to a large part, of the company's confidence in the future. More specifically, this reflects the group's success in clinching an order for in-flight refuelling equipment for the US Airforce as well as opportunities stemming from the UK's more competitive defence procurement policy. The benefits of the increased development spending, however, will take about 18 months to start filtering through. That means, with the shares on a prospective p/e of 11, assuming pre-tax profits of £25m, there is little to go for in the short term.

Dencora more than doubled at £4m

BY ANDREW HILL

Dencora, East Anglian property developer and investor, more than doubled pre-tax profits to £4.06m in the year to December 31, against £1.82m in 1986.

The company, which graduated from the Unlisted Securities Market to a full listing last summer, also announced the £1.9m acquisition of a 14-acre site at Ashford, Kent – the freight terminal for the Channel Tunnel – where the group plans to develop light industrial and high technology units.

"We consider ourselves very fortunate to have bought it for that figure. We've already received higher offers for the site," said Mr Colin Holmes, joint managing director.

Turnover rose almost 42 per cent to £22.4m (£15.8m) and fully diluted earnings per share jumped to 15.2p. In 1986 – before an £8m rights issue last June – earnings per share were 8.1p. Proceeds from the issue are being used to finance continued expansion and reduce bank borrowings.

A revaluation has added £7m to Dencora's property portfolio which is now worth £46m and comprises over 1.3m sq.ft. of industrial and commercial property.

Rental income increased to £3.87m last year. The company said this reflected continuing economic growth in East Anglia and the success of the group's light industrial estates.

Dencora's commercial property trading arm sold a 36,000 sq. ft. high technology development at Cambridge for £2.37m, and has three new schemes, ranging in size from 45,000 sq.ft. to 65,000 sq.ft., which will be traded this year.

The group's residential development operation sold 272 houses last year and Dencora expects the division to increase its 50 per cent share of business in 1988. At the end of the year Dencora had a freehold land bank of some 900 plots, about two years' supply.

Dencora's shares rose 2p to close last night at 175p.

Joseph Holt rises to £3.4m

Joseph Holt, Manchester-based brewer, raised pre-tax profits from £3.29m to £3.42m in 1987, on turnover of £11.5m, compared with £10.58m.

Earnings were 69.6p (73.96p.) and a final of 15p makes a total up from 18p to 20p.

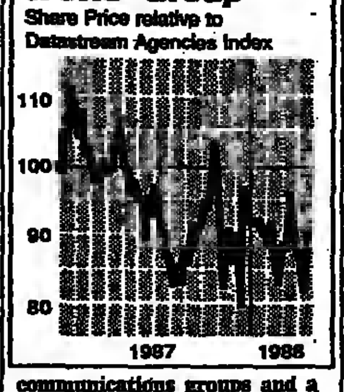
WCRS has 50% stake in French media buyer

By Clay Harris

WCRS Group, the advertising and communications company, is paying an initial FFr688.7m (£64.4m) for a 50 per cent holding in SGGMD, the French-based group which is Europe's largest independent media buyer.

The deal, after lengthy negotiations which were disclosed seven weeks ago, will make WCRS one of Europe's largest communications groups and a major international force in media planning and buying.

WCRS Group
Share Price relative to Datastream Agencies Index



For WCRS, formerly Wight Collins Rutherford Scott, it also has the benefit of reducing exposure to the dollar. Moreover, advertising will now account for less than 50 per cent of its income. WCRS shares closed 15p higher at 256p.

SGGMD buys about 20 per cent of all television, cinema and magazine advertising in France, as well as a substantial share of press advertising and outdoor poster sites. In 1987, it achieved pre-tax profits of FFr462m on turnover of FFr6.96m, of which France accounted for nearly 80 per cent.

Mr Gilbert Gross, SGGMD chairman, said yesterday: "By 1992, the single European market date, it will all have happened as far as the media is concerned. The great changes and restructuring are happening now because of deregulation and new technology."

The corporate structure devised to hold SGGMD is intended to insure that key strategic decisions can be undertaken only with the agreement of WCRS and the French company's vendors. SGGMD will continue to have day-to-day management control of the business.

WCRS is to fund the initial cash payment through a £64m long-term bank facility arranged by Samuel Montagu and Banque Nationale de Paris, at an initial interest rate of $1\frac{1}{8}$ percentage points over Libor.

Under a complicated formula linked to profits up to June 30 1991, WCRS could end up paying as little as FFr628.7m (£58.8m), or as much as FFr 923.6m (£86.3m) for the holding.

Cosalt growth continues to £1.3m half-way

The expansion shown by Cosalt in the latter part of 1986-87 continued into the first half of the current year, and it looks forward to producing "excellent results" over the 12 months.

In the 26 weeks ended February 28 1988 turnover moved up from £27.2m to £30.86m, while the pre-tax profit surged from £563,000 to £1.3m. After tax £299,000 (£125,000) earnings rose to 8.97p (4.05p), and the interim dividend is stepped up to 2.5p (1.5p).

The directors said reorganisation of the ships' chandlery business into two divisions (manufacturing and sales and distribution), was completed. Both were performing well.

Caravan manufacturing continued to make good progress with high demand for both companies' products.

For the year ended August 31 1987 the group had lifted its profit from £1.08m to £1.77m.

Tarmac rises 56% to £265m in construction's 'year of years'

BY FIONA THOMPSON

Tarmac, the UK's largest building materials and construction company, yesterday reported profits 56 per cent ahead at £265.4m for the year ended December 31 1987. The pre-tax advance from £170.5m was made on turnover 26 per cent up at £2.20bn (£1.74bn).

Last year "was the year of years for the construction industry," said Sir Eric Pountain, group chairman, and Tarmac was in the best shape he had seen it in his nine years with the company.

It was hard to find an historic parallel, he said. There was strong construction demand from the booming UK economy, "but we've never before seen this against a background of low inflation."

The present year had started very well, helped by the unusually good weather in the early months. There were no signs of house prices falling nor of a construction downturn in 1988 or 1989, he said.

Exchange rate movements shaved £8m off the pre-tax figure, but Sir Eric stressed that more than 80 per cent of turnover was from the UK, adding "we think that is the place to be."

All seven divisions reported strong growth and the after-tax profit of £173.1m (£111m) produced earnings per share of 23.5p, a 32 per cent increase on the 1986 figure of 17.8p.

Housing made the largest contribution, clocking in profits of £102.8m (£61.6m) in conditions of widespread demand. The 20 local housebuilding subsidiaries completed 11,236 homes at an average price of £48,500 - almost 1,000 more than in 1986 when the average cost was £43,000.

Margins on housebuilding rose to 18.1 per cent last year, said Sir Eric, up from 14.5 per cent. Tarmac's target in the next two to three years was to build 15,000 homes annually. He emphasised that only 30 per cent of house profits were earned in the overheated south-east.

The quarry products division reported its first year in its new form, following the separation of building materials and Tarmac America into new divisions. The division recorded a 14 per cent rise in operating profit from £63.1m to £72.1m.

The construction division saw profits move ahead by 52 per cent from £12.6m to £19.2m, from nearly 650 sites.

The new building materials division enjoyed buoyant UK markets for its clay, concrete and natural stone products, producing profits up from £10.4m to £16.3m.

Strong demand for commercial and industrial building lifted the industrial products division's profits from £21m to £25.4m. The properties division saw profits rise 50 per cent to £6.6m (£4.4m).

Sir Eric Pountain: Tarmac in best shape he had seen it

The Tarmac America division profits surged to £46.9m (£22m), including first-time contributions from Tarmac-LoneStar in Virginia and the Carolinas and of Massey in California. But the continuing economic difficulties in Texas deferred recovery.

The tax charge was £92.3m, up from £59.5m. A final dividend of 5.25p was recommended, making a total for the year of 7.25p, an effective increase of 31 per cent allowing for a scrip issue.

See Lex

Development policy holds back Scotmet growth rate

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Scottish Metropolitan Property, the biggest property investment company in Scotland now building up a development portfolio, recorded a modest increase in first half earnings. Pre-tax profits for the six months to February 15 were £3.8m, compared with £3.72m in the corresponding period.

Higher rental revenue from its pruned down investment portfolio was offset by greater finance charges as the group pursues a development programme built up from nothing to £100m over the last three years.

The market was unimpressed by the figures. The shares finished the day 1p down at 130p in a generally flat property sector.

Earnings per share were 2.6p, against 2.53p in the 1986-87 first half. Shareholders are receiving an interim dividend of 2p. The interim last year was 1.9p and payments for the full year were 4.6p.

Scotmet is continuing to slim down its portfolio. There are likely to be sales of £15m in the current half. The proceeds are seen by Mr Gordon Milne, the managing director, as a cheap source of development funds which are being concentrated in a few developments, notably in Edinburgh and Dumfries.

The development programme was spurred by a £30m debenture in 1986 and financial facilities have been increased by a £50m sterling commercial paper programme, announced last December. Scotmet has £100m of untouched bank facilities.

"The present portfolio is cushioning the development activity," Mr Milne said. But the developments will only be clearly reflected in terms of earnings and asset value per share from 1989.

UniChem seeks approval

UniChem, the co-operative of independent chemists fighting a £65m takeover bid from Macarthy, the healthcare group, yesterday despatched to members notice of its annual general meeting on May 18, when the management will seek approval for its controversial share promotion scheme.

The scheme, introduced at the start of the year, entitles chemists to buy shares at a discount when the company is floated – an event planned for 1990 – if they place extra spending with UniChem. Following complaints from rival wholesalers, the Department of Trade and Industry is looking at the scheme.

In the co-operative's annual report, also sent to members yesterday, Mr David Mair, chairman, said he would not be seeking a vote at the AGM commiting the society to becoming a public limited company. This decision "should be taken in 1990 in the proper context of UniChem's strength at that time and the stock market conditions prevailing then."

A dissident member, Mr John Newbould, says he has assembled the necessary support to force an extraordinary general meeting on the flotation issue. But Mr Peter Dodd, UniChem's managing director, said yesterday no requisition for a meeting had been received from Mr Newbould.

Relisting for West Trust

BY ALICE RAWSTHORN

THE SHARES of West Trust, the tiny textile company which recently got into difficulty with its venture into financial services, returned to the stock market yesterday.

The old West Trust shares ended the day at 38p, the suspension price. The new shares rose by 2p to 33p during the day's trading.

West Trust, which under its former guise as Dura Mill once appeared in the Guinness Book of Records as Britain's smallest public company, has received an injection of capital from a rights issue and from a consortium of new investors. The consortium holds a 40 per cent stake in the company.

The trading activities of West Trust now comprise the original Dura Mill, which is involved with yarn processing and merchanting, and Associated Spinners, a similar business which has been added by the consortium.

Mr Peter Ford, group managing director, said that West Trust plans to expand further by acquisition within textiles once the existing businesses have been "secured".

West Trust slipped into a pre-tax loss of £185,265 in the half-year to September 30 because of its problems in financial services following the stock market crash.

It diversified into financial services in 1986, but Mr Ford says the company is no longer involved in this field and is now trading profitably.

BRENT WALKER Group's acquisition of Goldcrest Films and Television (Holdings) is not being referred to the Monopolies Commission.

Ewart goes into cold storage

BY VANESSA HOULDER

Ewart, Belfast-based property group, yesterday announced a £6m all-shares acquisition of Ashley Milner, a Kent-based cold storage operator, together with a rights issue to raise £5.75m after expenses.

The move was described by Ewart as an excellent first step in its policy of expanding into the buoyant property markets of London and the South-east. In addition to substantial benefits from the rental cash flow from the cold storage and warehousing operation, there is considerable long-term development potential in parts of the West Kent site, said Ewart.

The cold storage operation, which is run by Ashley Milner's wholly owned subsidiary West Kent Cold Storage, is based on a 17-acre freehold site at Sevenoaks, Kent. This site, together with an adjacent 7.5-acre freehold site, which is at present unused, has been valued at £10.5m.

The proceeds from the rights issue, which is fully underwritten and in the form of a 1-for-1 offer at 125p per share, will be used to repay in full West Kent's bank loans, which are, at most, £5m. In view of the size of the proposed acquisition, the shares were suspended on Friday at 210p, pending shareholders' approval at an extraordinary meeting.

The payment for Ashley Milner will take the form of 4.8m new ordinary shares at a price of 125p per share, which is the same price as the proposed rights issue and approximately the same price as the revised net asset value. Following a revaluation of Ewart's investment properties, the net asset value per share is calculated at 128p. Ewart forecasts pre-tax profits of £300,000 for the year to April 1988.

Confidence as Casket advances

Casket, the clothing manufacturing group which acquired Kingsley and Forester in December, reports pre-tax profits of £3.03m in the six months to end-1987, compared with a restated £2.4m.

After a quiet start to the current half, trading was improving. The directors were confident that the year's results would reflect the excellent progress made. Group turnover came to £52.24m (£49.28m). The interim dividend is increased to 1.2p (1p).

More purchases in line as CI reaches £3m

BY ANDREW HILL

CI Group, Wolverhampton-based steel and engineering company which has acquired 10 operating subsidiaries in the last two years, more than doubled pre-tax profits to £3.01m for the year to January 31, against £1.5m for 1986-87.

Earnings per share rose by 90 per cent from 2.16p to 4.10p.

Mr Cedric Grew, managing director, said several acquisitions were lined up for this year, including some in new operating areas. In the longer term, he added, CI was looking for a major purchase to establish the company in the US.

Continuing buoyancy in the construction industry, which accounts for about 40 per cent of CI's business, contributed to a 14 per cent increase in group sales to £39.2m (£34.5m).

Mr Grew said it was difficult to lift the selling price of CI's steel products and the group had concentrated instead on reducing costs and improving efficiency. As a result, operating margins rose from 6.6 per cent to 9.3 per cent.

He said organic growth last year was some 38 per cent, excluding losses of about £300,000 at Meads Cooper, the mechanical systems manufacturer.

Bipel, the rubber moulding press manufacturer acquired for about £18.3m in July, was included for five months and made £700,000 before tax, in line with expectations. Although Bipel's principal market is the US, Mr Grew said the dollar's weakness had not affected business so far.

A consortium led by Mr Ahmed Abdullah still holds just under 10 per cent of CI's shares, but Mr Grew says the relationship is friendly. Mr Roy Kettle, CI's chairman, is on the board of Evered, the industrial conglomerate headed by Mr Abdullah's brothers, Raschid and Osman.

CI is recommending an increased final dividend of 0.85p, making 1.375p (1.05p) for the full year, slightly ahead of expectations.

● comment

Only one of CI's 14 subsidiaries – Meads Cooper – made a loss last year, apparently because its precision engineering arm failed to achieve the necessary production volumes. Since then CI has merged that operation with two others, acquired last year, improving volumes. In theory, CI should return profits across the board in 1988-89. Pessimists might warn of the damage a downturn in the construction industry could cause, but at the moment there is no sign of such a recession. In any case CI is comparatively broadly spread and the management's declared dislike of selling subsidiaries reflects its confidence in such diversity. Further acquisitions will add to this span of activities in 1988-89, although CI will probably curb its US ambitions until exchange rates are more favourable. Forecast pre-tax profits of between £4.5m and £5m put the shares – unchanged at 44p yesterday – on a prospective p/e of about 9, fairly valued.

Ratners at £50m - another US buy

BY MAGGIE URRY

Ratners, the fast-growing and acquisitive jewellery retailer, more than doubled pre-tax profits in the year ended January last, with a rise from £22.5m to £50.4m, excluding profits on property sales of £2.3m (£134,000).

Mr Gerald Ratner, chairman and managing director, confirmed the rumoured acquisition of Osterman's, a 56-store US jeweller, for $68m (£36.1m). The deal will take Ratners' US store numbers to 274.

Osterman's, which is based in Ohio like Ratners other US businesses Sterling and Westhall, made a pre-tax profit of $1.1m in 1986-87 on sales of $43m.

The acquisition will be financed by an issue of 36m convertible preference shares, offered to shareholders on a pro rata basis, priced at 100p and carrying a dividend of 6.25p. They will be convertible into shares each year starting in June 1989 at a price of 300p, and if converted would add 7.5 per cent to the existing capital.

Group turnover last year rose to £360.2m, compared with £158m for the previous 43 week period. Trading profits increased from £26.5m to £55.8m. The two missing months in the previous period were February and March when little or no profit is made.

UK trading profits increased 58.7 per cent to £41.8m on a sales gain of 87.4 per cent to £296.4m. During the period the H Samuel chain, acquired in July 1986, was fully integrated and the Ernest Jones chain was bought in August 1987.

Sales in comparable H Samuel shops rose 38 per cent, in like-for-like Ratners shops they rose 25 per cent and in Ernest Jones 38 per cent. New store openings also helped, and Ratners now has 735 shops in the UK.

Mr Andrew Coppel, finance director, said that in the current year the group would aim to improve profit margins through tighter cost control.

By the end of the current year the group will have 850 shops in the UK, with 1,000 planned for the end of the next year. Mr Ratner said that so far in the current year the volume increases in sales were continuing at a similar rate.

In the US trading profits from the two businesses bought last year totalled £14m on sales of £68.8m. Sterling was included from early August and Westhall from the end of October.

After two rights issues, and a convertible Eurobond issue, last year, fully diluted earnings per share (including property profits) rose 43.4 per cent to 21.78p. An extraordinary item of £2.8m largely related to the costs of the unsuccessful bid for Combined English Stores.

A final dividend of 3.75p net gives a total of 5p (4p).

● comment

Ratners has virtually single handedly revitalised the UK jewellery market and, faced by largely weak and fragmented competition, now seems unstoppable. Its buying power is such that it can offer an average diamond ring at £94.50 compared to around £200 in most jewellers. While Ratners acquisitions have looked expensive at first, the success of Sterling should be repeated in Osterman's which could rapidly reduce the purchase p/e to single figures. Doubling profits again this year is too ambitious a target to start with, but even a 50 per cent rise to £75m would suggest a fully diluted p/e, despite the share issues, of under 11, which is scant recognition of the group's rapid growth.

Fairey set for listing as profits reach £5m

By Philip Coggan

Fairey Group, the engineering company which was the subject of a management buyout from Pearson in January 1987, is set to join the stock market within the next 12 months. The company announced its plans yesterday together with news of pre-tax profits on its continuing businesses of £5m in 1987.

The Fairey management bought itself out from Pearson, which owns the Financial Times, in a £51m deal backed by Candover Investments, the venture capital group. Since the buyout, Fairey has sold Davis Derby, the mining equipment manufacturer, to Senior Engineering.

Fairey's businesses are now concentrated on aerospace, filtration, electronics and industrial ceramics. Operating profits on the continuing businesses were £7.8m on sales of £78m and interest charges were £2.8m.

Mr Derek Kingsbury, the chairman and chief executive, said that a listing would allow some of the buyout backers to realise part of their investments and would enable the group to expand by acquisition.

M.Y.£3.6m for Rowpak

M.Y. Holdings, the packaging and consumer goods group, yesterday announced the acquisition of Rowpak, a Manchester-based corrugated cardboard carton manufacturer.

M.Y. has conditionally agreed to make an initial payment of about £1.39m in cash and issue 3.7m new ordinary M.Y. shares for Rowpak's issued share capital.

A further consideration of up to £2.25m may be made depending on Rowpak's pre-tax profits to March 1989.

For the year ended March 31 1987, Rowpak had a pre-tax profit of £171,000 on sales of £5.1m, and total net assets of £349,000.

M.Y. said the acquisition would strengthen its existing corrugated carton business, with Rowpak complementing its other corrugated plants in Lincolnshire and Essex.

Next acquisition

Next, fashion retailer, yesterday agreed to acquire the minority interest in its subsidiary, Samuel Fisher & Sons (Preston) for £650,000, to be satisfied by the allotment of 246,213 new ordinary shares.

Fisher is the holding company of Harry S. Allen, retail and dispensing chemist, based mainly in the North of England. Its net assets at January 31 1988 were £874,000.

Kitty Little plans USM quote

BY FIONA THOMPSON

Kitty Little, manufacturer of fragrance products, is coming to the Unlisted Securities Market via a placing valuing it at £8.5m.

Laurence Prust is placing 1.95m shares, representing 20.6 per cent of the enlarged equity, at 90p, to raise £1.58m for the company.

Kitty Little makes items designed to make homes, clothes, shoes and cars smell sweeter. These include pot-pourri room fresheners, coat hangers, drawer liners and pillows and even pot-pourri pellets for car ash trays which activate on contact with a cigarette stub. On the shoe freshener side, the products include fabric kittens to place in shoes and boots overnight.

Boots, the company's biggest customer, accounted for 41 per cent of sales last year. Mr Graham Webster, chairman and managing director, said Kitty Little was keen to expand sales in supermarkets, department stores, gift shops, shoe shops and service stations.

Exports to more than 20 countries accounted for 17 per cent of sales last year and the European Community was targetted particularly strongly.

In the year to January 31 1988, the company produced pre-tax profits of £846,000 on sales of £4.13m, putting the shares on a historic p/e of 12.5. Since 1984 the pre-tax figure has increased at an average annual compound rate of over 56 per cent.

The company will use the money raised to strengthen the balance sheet and provide increased working capital for expansion and acquisitions.

Another Thai fund to join market with $52m placing

BY PHILIP COGGAN

The Siam Fund has become the second Thailand-based investment fund to join the stock market in the past week.

Last week, Yamaichi International, the Japanese securities house, launched the Thai Investment fund; this week it is the turn of Banque Indosuez and Baring Brothers. The Siam Fund is already up and running having raised over $40m in January via a private placing.

The fund is raising a further $52m after expenses, via the placing of 4m new participating redeemable preference shares at $13.75 each.

After the fund was established in January, the managers quickly purchased a large block of shares in Thai companies and by April 22, just 9 per cent of the fund was held in cash. On the latter date, the fund's net asset value per share was $12.20, a 22 per cent gain on January's initial subscription price.

The participating shares will not be redeemable for five years and it is not the fund's intention to distribute dividends. Dealings in the shares are expected to start on May 4.

TR Australia

TR Australia Investment Trust reported a lower net asset value of 97p (145.5p) per share in the six months to February 29 1988.

ASB Barnett

ASB Barnett Kinnings is to join the Third Market. Manchester stockbroker Charlton Seal has placed 575,000 shares at 60p each payable in full.ASB is an expanding accountancy recruitment consultancy based in the north of England. Dealings will start on Monday May 16.

Tuskar

Tuskar Resources has completed an I£3.1m placing of 12m ordinary shares at 26p through its brokers - 10 per cent of the total placing will be offered to the Dublin and London markets.

Musterlin to raise £2.25m

Musterlin Group, USM publisher and book distributor, plans to raise £2.25m through the issue of 2.25m cumulative preference shares.

The group, intends to strengthen its capital base with the issue.

The proceeds will be used to reduce Musterlin's borrowings and provide additional funds to continue growth, both organically and through acquisitions, in fields relating to its existing activities.

The new class of shares, to be issued at £1 each, will carry the right to a fixed cumulative preferential dividend of 9.75p net a year, the first payment — of 1.3356p per share — to be made on July 1.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Albany ....fin	1.8	June 28	1.45	2.25	2
BDA Hldgs ....fin	1.5	July 5	-	2.5	-
Bertrams Inv. ....int	0.75	-	1	-	2.1
Camotech ♦ ....int	1	June 3	0.69	—	2.06
Casket ....int	1.2†	-	1	-	2.6
CI Group ....fin	0.85	July 1	0.68	1.38†	1.05
Cosalt ....int	2.5	Aug 24	1.5	-	4.5
Dencora ....fin	3	July 1	2.5	3	2.5
FR Group ....fin	3	-	2.5	4.62	3.85
Holt (Joseph) ....fin	15	-	14	20	18
Lanca ....fin	1.1	July 8	0.55	1.1†	0.55
Lon American Ven..fin	0.45	—	0.75	0.45	0.75
Plumb Hldgs § ....fin	3	-	-	4.25	-
Ratners ....fin	3.75	July 6	3	5†	4
Scott Metro Prop....int	2	Aug 15	1.9	-	4.6
Scott Robertson......fin	3	-	2.5	4	3.5
Tarmac ....fin	5.25	July 4	4.32*	7.25	5.55*
TR Australia ....int	1	—	1	—	2.41
Triefus ....fin	2.5	-	0.96*	3	0.96*
Walker Greenbank.fin	1.75	July 1	1.5	2.25†	1.5
Ward Group ....fin	2.8	June 13	-	4.8	-

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Clydesdale Investment Trust, Framlington Overseas Income and Growth, Hatfield Estates, Jessups, Tate and Lyle.
Finals- BOM Holdings, Ellis and Goldstein, Downiebrae, Elswick, Fosecо Minsep, Cecil Gee, R. Martin Groome, Nordin and Peacock, S & U Stores, Shiloh, Smaller Companies International Trust, J.O. Walker.

FUTURE DATES

Interims-

Capital Radio	May 24
Trafalgar House	May 3
Warner Estate	May 25

Finals-

CCA Galleries	May 4
Fairbriar	May 11
Fleming Universal Inv Tst	Apr 28
Harrisons & Crosfield	May 11
TDS Circuits	May 4
Waverley Cameron	Apr 28
Yellowhammer	Jun 7

Corporate Estates in £61m property deals

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Corporate Estates Properties, which came to the USM last August, has completed its biggest series of property transactions, buying four office properties for a total of £41.5m and immediately selling one on to a private investment group for £19.6m.

The market responded by lifting the shares 6p to 70p.

The properties were bought from Cemp Properties, a company controlled by the Bronfman family, which is behind the Seagram group in Canada.

The transactions were conducted through Corporate Estates Property Developments, a subsidiary, and Hasfield, an associate acquired off-the-shelf for this series of transactions.

The bulk of the finance required after the sale of one property, which is in the Regent Street area of London's West End, has come from American Express Banking Corporation. It provided a non-recourse loan at 1 per cent over base rate.

The properties Corporate Estates are retaining are Dorset House, let to Government departments, south of the River Thames, near London Bridge, and in Sidcup and Dartford, Kent.

Butte Mining acquisition

BY KENNETH GOODING, MINING CORRESPONDENT

Butte Mining, which gained a London quotation last October, is to acquire a substantial claim block adjacent to its Rainbow prospect in Montana.

The company said the block has significant silver and gold bearing ore reserves with a total gross recoverable metal value of $321m and undiscountednet worth after operating and capital costs of not less than $186m.

In the half-year to January 31 Butte incurred an operating loss of £199,528 but a net profit of £14,693 after interest income of £224,221 and tax payments of £10,000. No interim dividend will be paid.

Butte said its mine production planning process was on schedule and output is expected to begin this summer. However, negotiations for custom milling facilities had been deferred pending the results of the current metalurgical test work programme.

Albany Inv Trust

Albany Investment Trust has increased pre-tax profit from £307,762 to £338,783 investments marginally down from £8.88m to £8.37m for the year to February 29 1988. Net revenue was up from £215,000 to £244,000.

The trust has recomended a final dividend of 1.8p (1.45p) making a total of 2.25p (2p).

Tax took £94,657 (£92,881) and earnings per share improved from 2.14p to 2.44p. Net asset value dipped from 88.8p to 84p.

Logica purchase

Logica, the UK's largest computer software company, yesterday announced that it had acquired Jardine Matheson's 50 per cent interest in their Far Eastern joint venture, Jardine Logica, for an undisclosed sum.

The company, which will continue to provide regional computer services, will be renamed Logica Systems and become a wholly owned subsidiary of Logica. Logica Systems will still have headquarters in Hong Kong.

Lanca doubles dividend

IN 1987 Lanca, lifted its earnings from 3.01p to 5.85p and is doubling the dividend to 1.1p.

Results included Frankel & Roth (International), and the 1986 comparisons have been adjusted. Turnover moved ahead to £11.8m (£9.2m) and pre-tax profit to £1m (£610,000).

Mr Chinnu Gidoomal, chairman, said the improvement in operating margins resulted from the expansion of the Lanca clothing side and the characterised merchandise of Frankel & Roth. Some cost savings benefits of the merger have still to show through.

He was confident that all three divisions would produce further organic growth. Subject to the achievement of current trading projections it was intended to pay an interim dividend.

Walker Greenbank surges to £11m

BY PHILIP COGGAN

Walker Greenbank, the fast-growing mini conglomerate, increased pre-tax profits by 42 per cent in the year to January 30, 1988. After merger accounting the various acquisitions made during the year, profits increased to £11.1m from the previous year's restated £7.8m.

Sir Anthony Jolliffe, the ex-lord Mayor of London who is chairman, said the group was still on target to be a £200m turnover company by the end of 1989, as he forecast when he merged C & W Walker Holdings with Greenbank in 1986.

Walker Greenbank has diversified from its early base in engineering, and now two-thirds of its turnover and around three-quarters of its profits come from consumer-related industries. During the year, it acquired Wallcoverings, an upmarket wallpaper designer and manufacturer, for £32m and Wilcomatic, an automatic car wash supplier, for £6.9m.

Sir Anthony said that further acquisitions were likely to be of the "bolt-on" variety. He had shelved his previous plans to make a purchase in the US. "We've enough on our plate in the UK" he said.

The star performer in the UK was Alkar, the supermarket shelving group, which increased profits from £1.1 to £2.7m. However, some companies failed to meet the group's 10 per cent net margin target and were sold. Among the disposals was Gantry Railing, the company which first brought together Sir Anthony and his business partner, Mr John Pither.

There were also reorganisation costs of £1.5m resulting from the concentration of three operations at one site at Blackpool and acquisition costs of £600,000. These were taken as an extraordinary debit of £2.1m.

Operating profits were £11.7m (£7.8m) on turnover of £93.3m (£80m). After interest of £664,000 (£422,000) and tax of £3.59m (£2.58m), fully diluted earnings per share were 8.59p (6.28p). The directors are recommending a final dividend of 1.75p (1.5p), making a total of 2.25p (1.5p).

● **comment**

The crash came at a particularly awkward time for Walker Greenbank. The company had sprinted off in several different directions without creating a clear image in the market's mind of where it was going. What has been built up so far is a motley collection of businesses - some with excellent growth prospects, some too small to make a significant impact in their markets. Sir Anthony Jolliffe has done his best to rationalise and reorganise those subsidiaries which were not up to scratch. His next acquisitions are likely to be quite small but there is enough growth within the group - from companies like Alkar, Wallcoverings and Wilcomatic - to push profits up to around £14m this year.

That puts the shares on a prospective p/a of about 11; high enough until the market rediscovers its enthusiasm for mini conglomerates.

Organic growth doubles Plumb to £1.84m

BY PATRICK DANIEL

Plumb Holdings, the USM-quoted interior contracting and furnishing group, doubled both pre-tax profits and earnings per share in the year to January 30 1988.

Profit before tax rose to £1.84m (£0.89m) largely from organic growth, while earnings per share were up from 7.3p to 14.6p.

Turnover increased 81 per cent to £49m (£27m). Two-thirds came from the core company, Plumb Contracts, contractor for hotel interiors and shopfitting.

The recommended final dividend of 3p makes a total for the year of 4.25p (3p). Plumb's share price rose 15p yesterday to close at 235p.

The Coventry-based group floated only 20 per cent of its equity when it joined the USM in November 1986. Most of the remainder is held by four directors who, five years ago, staged a £1.25m management buyout from the Owen Owen department store chain.

The group, now capitalised at more than £30m, has grown quickly into a one-stop operation, offering everything from decorative plaster mouldings to design and contract management for large projects.

Four new companies were formed last year, including Plumb Designer Homes to meet the rising demand for more "individually-styled" houses.

Mr Rick Cressman, managing director, said the group was not out to make speculative gains from its "designer homes" but to capitalise on its skills in interior finishings.

In December, Plumb paid £350,000 for a 65 per cent stake in one of West Germany's largest shopfitters, Osto Landenbau of Stuttgart, from receivers.

The now-revived West German company is expected to have a turnover of £12m this year and Plumb is looking to achieve 40 per cent growth for 1986.

COMPANY NEWS IN BRIEF

ALLIED RESTAURANTS is buying a site in Dalston from United Biscuits UK where Allied will open its 20th Wimpy counter-service restaurant. The restaurant will begin tradingbefore Christmas.

ALUMASC GROUP has sold Ingersoll Locks for £2m, including repayment of inter-company loans, to Yale and Valor. The sale is part of Alumasc's policy to concentrate on mainstream activities.

AMBRIT INTERNATIONAL, USM-quoted oil and gas exploration group, reduced its pre-tax loss to £427,544 in 1987, compared with £1.4m in 1986. Loss per share was 1.9p (6.5p).

ASDA PROPERTY has contracted to acquire for £4m cash the head leasehold interest in 6-9 Snow Hill, London, from the Church Commissioners. Current net income is nearly £229,000 annually, and is expected to rise substantially on review in 1991.

BANRO INDUSTRIES rights issue was taken up by shareholders representing 2.44m shares (66.6 per cent). Balance sold in market at 167.6p per share.

HENRY BARRETT Group has acquired Westbury Tubular Structures, maker of steel framed buildings for £1.1m satisfied by £800,000 cash and the balance in shares. For year ended April 30 1987 Westbury made pre-tax profits of £179,000 on turnover of £3.07m. Net assets at the end of the period were £766,000.

BUCKLEY'S BREWERY has acquired Henson and Twitchett, an electrical sub-contractor, for £50,000, satisfied by issue of 27,174 ordinary shares at 184p each.

ENTERTAINMENT SERVICES, the video cassette distributor, is making a large acquisition which will require shareholders' approval. Pending publication of details, the company asked for its shares to be suspended. At the suspension price of 27½p, the company is capitalised at £8.5m.

EQUITY & LAW International Funds: net income before equalisation in half-year to December 31 1987 was £70,697 (£51,543). Investment income was of £91,641 (£58,074) and there was bank interest of £41,517 (£31,038). General expenses rose from £16,797 to £38,702.

FAIRBRIAR, the residential and commercial property developer, has purchased sites worth £7m.

JAMES FINLAY CORPORATION, the financial services arm of the Glasgow-based conglomerate James Finlay, has changed its name to James Finlay Bank.

FIVE OAKS Investments raised pre-tax profits by 46 per cent to £808,911 (£553,395) in the six months to December 31 1987. Fully diluted earnings per share were 2.46p (1.88p). A full year dividend of not less the previous year's 1p is forecast.

HAMLYN MILLING proposes early repayment of the £105,839 nominal 5 per cent debenture stock 1957-97 at £90 per cent. Subsidiary of J. Bibby.

LILLESHALL has acquired the uPVC and aluminium window businessand assets of the Ideal Williams division of McKechnie. Consideration, which will be determined following the valuation of stock and work-in-progress at April 22, 1988,expected to be around £675,000. Of this, £423,733 in cash paid on completion and balance will be paid within three months.

LOGICA rights issue was taken up by shareholders representing10.52m shares (95.7 per cent). The remaining 478,969 shares have been sold in the market.

LONDON AMERICAN Ventures Trust reported a fall from 86.96p to 66.31p in net asset value per 25p share in the year to March 31 1988. There is also a reduction in the total dividend, which is 0.45p (0.75p). Revenue before tax was £581,000 (£1.36m) and earnings per share 0.69p (1.1p).

LOWLAND INVESTMENT Company reported net asset value of 168.7p at par on March 31 1988 against 193.8p a year earlier or 168p (193.8p) at market value. Earnings per share for six months to end-March were 2.28p (1.96p) and the interim dividend is being raised to 1.6p (1.4p).

ORCHID TECHNOLOGY: sales fell from $11.18m to $7.06m in the nine months ended March 31 1988. Operating net income before tax rose from $380,000 to $406,000. The USM quoted company plans to introduce this quarter a new product line in personal computers.

PRUDENTIAL Property Services has expanded its presence in the West Midlands through the acquisition of three estate agents. They are Llewellen, Barry J Morris and Nigel Clements.

RECORD HOLDINGS chairman Mr Michael Mallatt told annual meeting that sales in first quarter were comfortably ahead. Interim figures "should not disappoint".

RIVER & MERCANTILE Geared Capital and Income Trust 1999 reported net asset value per preferred capital share of 28.05p at March 31 against 26.77p a year earlier. Per ordinary income share the figure was 58.04p (58.84p). Earnings per 50p income share for the year to end-March were 5.61p (5.38p) and the final payment 2.2p (2p) for a total of 5.5p (5p).

SINTROM proposes to buy the On Line Group for a maximum £2.5m, of which £1m payable in cash on completion. Balance in shares and/or cash in 1991.

Public Works Loan Board rates

Effective April 25

Years	Quota loans repaid by EIP†	Quota loans repaid At†	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At†	Non-quota loans A* repaid at maturity§
1			8⅝			9⅝
Over 1 up to 2	8⅝	8⅝	8¾	9⅜	9⅝	9½
Over 2 up to 3	8¾	8¾	9	9¾	9¾	9¾
Over 3 up to 4	8⅞	8⅞	9	9⅞	9⅞	9¾
Over 4 up to 5	8⅞	9	9½	9⅞	10	9⅞
Over 5 up to 6	9	9	9⅛	9½	9⅛	9⅝
Over 6 up to 7	9	9	9¼	9⅜	9½	9¾
Over 7 up to 8	9	9½	9⅜	9½	9⅝	9⅞
Over 8 up to 9	9⅛	9⅜	9½	9⅝	9⅝	10
Over 9 up to 10	9½	9⅜	9½	9⅝	9⅝	10
Over 10 up to 15	9⅜	9½	9¼	9⅞	10	10
Over 15 up to 25	9½	9⅝	9⅝	10	9⅞	9⅞
Over 25	9⅝	9¾	9⅝	9⅞	9⅞	9⅞

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Ward profits rise £1m to £4.3m

WITH all areas of activity contributing, the Ward Group of building components and structures manufacturers raised its turnover from £59m to £75m and pre-tax profits from £3.28m to £4.3m in 1987.

It was stressed that three new activities were still in a gestation period. They were Multibeam at Sucometal in France, Moduclad Composite Panels at Ward Building Components, and Geometrica Partitioning at Ward Interiors.

The year saw Ward's entry into multi-rise structural steelwork, the introduction of tapered floor beams for deep-plan commercial buildings, relocatable partition systems and a range of composite panels for roofs and walls of low-rise buildings.

Ward also acquired the Belgian company Chamebel - no costs hava been taken to account. It broke even on turnover of £39.6m and will benefit this year from a major restructuring implemented over the last three years. This established Ward as the largest curtain walling company in Europe.

Earnings per share came to 12.6p (10.3p) and the final dividend is 2.8p for a total of 4.3p. Had the group been listed for the whole of 1986 the dividend for that year would have been 3.7p.

BDA over £1m

BDA Holdings, property developer, increased its pre-tax profit from £971,000 to £1.08m in the year ended January 31 1988.Earnings came to 8.4p (9.2p). The final dividend is 1.5p for a 2.5p total.

SHT expands US housebuilding side

BY MICHAEL SMITH

Scottish Heritable Trust, industrial and property group with interests ranging including fireworks and oriental carpets, is strenghtening its US housebuilding arm through the acquisition for up to $15m (£8m) of the Fox Ridge Group of Nashville.

The acquisition, funded by cash, will push SHT's gearing to above 80 per cent. The company said yesterday it had no intention of making either a rights issue or a vendor placing in the near future.

Fox Ridge will become SHT's second wholly-owned subsidiary, complementing Haven Homes, Pennsylvanian manufacturer of fabricated houses. SHT also has a 31 per cent stake in North American Housing Corporation, Maryland fabricated homes maker, and 6 per cent of Washington Homes, another housebuilder.

Fox Ridge had sales of $22m last year, compared with Haven Homes' $25m. Pre-tax profits were $3.13m.

Most of the 490 units it is likely to build this year will be starter homes. Sales are projected to rise to $25m.

SHT said it is likely to sell its stake in Washington Homes soon to an American company which is making a bid for all its shares.

Camotech rises sharply

Camotech, maker of automotive components, plastics and aircraft seats, achieved strong growth in all areas with pre-tax profits up from £132,000 to £538,000 for the half year to February 28, 1988.

Turnover more than trebled to £9.93m (£3m). Earnings per share were 5p (1.1p) and the interim dividend 1p (0.686p). Last September the company moved from the USM down to the Third Market in order to buy aircraft seat maker Fort Hill Aircraft.

The directors said they believed that strong progress would be maintained in the second six months and predicted a satisfactory outcome for the full year. Last year's pre-tax profit was £293,000.

Tax took £188,000 (£36,000).

Triefus profits rise 11%

Triefus, diamond trader and toolmaker, increased pre-tax profit by 11 per cent from £1.28m to £1.42m on turnover up from £24.5m to £26.7m for the year to December 31 1987.

A final dividend of 2.5p has been recommended making a total of 3p (adjusted 0.96p).

Trading results of overseas subsidiaries have been translated into sterling at average rates for the year instead of rates ruling at year end, and this resulted in a profit reduction of £66,000 before tax.

Taxation took £437,000 (£455,000).Extraordinary credit was £70,000 (£136,000) and earnings per share came in at 7.23p (5.7p adjusted).

Beckenham

Beckenham Group, Kent-based third market company which specialises in ducting in high-rise buildings, announced a rights issue to raise £4m to finance internal expansion and new acquisitions.

Scott & Robertson exceeds forecast

Scott & Robertson was expecting pre-tax profits of at least £1.5m for 1987 and this has been beaten with £1.62m, compared with £1.68m restated for 1986.

The first half figures of this manufacturer of packaging products and fabrics were held back by increases in the price of polythene polymer.

Turnover in the latest period rose 25 per cent from £26.04m to £32.49m, but the operating profit fell from £2.31m to £2.08m.

After tax of £267,000 (£355,000) and an extraordinary credit of £113,000 (nil) earnings per share rose to 15.93p (15.57p).

The 1986 comparisons are restated to incorporate the acquisition of of PLC Packaging (UK).

The accounts of Foam Plus have been consolidated on an equity basis to reflect the company's 50 per cent interest.

Gas payments mainly on time

By Steven Butler

British Gas shareholders appear largely to have heeded calls for the third and final instalment on their shares, due by April 19. The Department of Energy said that more than 95 per cent of payments had been counted, and that the backlog was expected to be cleared by the week's end. Payments were still arriving, and there were no plans to refuse the money. Non-payers or late-payers could lose entitlements to their shares.

Judgment due in appeals on Tin Council collapse

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

JUDGMENT is to be given today on the first round of appeals in litigation resulting from the collapse into insolvency of the International Tin Council (ITC) with debts of about £900m.

The expectation is that, whatever the outcome in the Court of Appeal, the whole matter will go to the House of Lords for a final ruling by the Law Lords.

The final issue on which the court will rule today is whether the European Community is immune from English court proceedings. The EC is a member of the ITC.

Six matters were before the Court of Appeal during the seven-week hearing that ended on March 8. There were four appeals by ITC creditors, one by the ITC and an issue involving the legal status of the EC.

The most significant appeals, which were heard together, were those in two of the so-called direct actions, by which theITC's creditors hope to have its members held liable for its debts. There are 22 members including Britain and the EC.

In actions brought by two London Metal Exchange traders – J.H.Rayner (Mincing Lane), a £16m ITC creditor, and Maclaine Watson, owed £6m – two High Court judges, Mr Justice Staughton and Mr Justice Millett, held that the ITC had a distinct legal personality, separate from its members, and therefore was alone responsible for its debts.

Mr Justice Staughton held that the ITC had entered into contracts for the sale or purchase of tin on its own behalf and not as agent for its members.

Tha creditors contended that the members were jointly and severally liable for the debts.

On the appeal Mr Mark Littman QC, for Maclaine Watson, argued that in the eyes of English law the ITC was an unincorporated association of member states engaged in trade, the members of which were jointly and severally liable. That was either because the ITC had no distinct legal persona or, if it had, it was not of a character to exclude the members' liability.

Unlike Rayner, which sued all the ITC members, Maclaine Watson limited its attack to the UK.

Other broker and bank creditors of the ITC joined in the Rayner hearing to argue on legal issues common to their own as well as Rayner's claims. The actions by those other creditors, which will include claims for damages for alleged negligence or negligent misrepresentation, are expected to reach the High Court later this year.

In the second phase of the appeals Maclaine Watson challenged the High Court's refusal to appoint a receiver of an alleged ITC asset, a right to call on its members to contribute to its debts. Amalgamated Metal Trading, another London Metal Exchange broker, challenged the striking-out, for want of jurisdiction, of its petition for the compulsory winding-up of the ITC.

The ITC asked the three appeal judges to overturn rulings that it must disclose the "nature, value and location" of its worldwide assets to Maclaine Watson.

Zinc price rises to its highest for 13½ years

By Kenneth Gooding, Mining Correspondent

The price of zinc rose to $1,091 a tonne in early trading on the London Metal Exchange yesterday, the highest level for 13½ years, but analysts suggested it might climb a little higher in view of the current tightness of supply.

Following the market trend, the European producer price of zinc has settled this week at $1,050 a tonne, having risen by $210 or more than 25 per cent in the past five months.

One producer, Noranda, the Canadian group, is charging $1,050 a tonne. But there is some doubt about whether it will be able to stand alone for long.

Some traders suggested that the zinc price has risen too far and too fast and that the market was due for a correction.

But the price of metal for delivery in three months eased back only slightly in late trading to $1,076.

Mr Neil Buxton, of Shearson Lehman Hutton's London Metals Research Unit, predicted that the zinc price could reach $1,200 in three months.

He said he now expected that there would be an 80,000-tonne shortfall in zinc supply this year compared with a forecast made last November of a 30,000 tonne surplus.

One unexepected development in the first quarter of 1988 had been the emergence of the Chinese as substantial net purchasers of zinc.

Mr Robin Bhar, an analyst with London-based metal traders Rudolf Wolff, said that, although the pace of the rise had taken him by surprise, a price of $1,060 to $1,080 was justified.

He pointed out that the trade had now become convinced that zinc supplies were much tighter than had been expected earlier this year in view of heavy demand from the galvanised steel producers.

Manager of rubber stock expects disposal to affect surging prices in coming weeks

BY WONG SULONG IN KUALA LUMPUR

THE INTERNATIONAL Natural Rubber Organisation (INRO) expects its massive disposal programme to have an impact on prices in the coming weeks.

Mr Aldo Hofmeister, the buffer-stock manager, said this in response to disappointment by consumers at the Inro council meeting here that buffer-stock sales do not appear to have had any appreciable impact on surging prices.

Mr Dieter Stiebel, the outgoing Inro deputy executive director, acknowledged that Inro was puzzled by the rubber market performance. He said he believed the high prices were due to strong fundamentals as shown by the way rubber latex had taken off so dramatically.

Mr Hofmeister began selling when the price breached the "may-sell" level of 232 malaysian/singapore cents a kilo last September, and stepped up his disposals when the price broke through the "must-sell" level of 242 cents in early January.

The Inro average price yesterday was 257.45 cents a kilo, while RSS 1, the premium sheet grade, rose by another cent to 312 cents, a seven-year high.

Mr Hofmeister is understood to have sold as much as 220,000 tonnes from his 370,000-tonne stockpile, much of it during the past three months. Inro is now flush with funds, having raised as much as 500m ringgit from its price stabilisation sales.

Traders agree that rubber prices are expected to soften in the coming weeks unless there is an upsurge in demand. They say as much as 100,000 tonnes of Inro rubber are on their way to consumers, and the wintering season in south-east Asia is coming to an end.

Mr Stiebel, who leaves on Saturday after seven years with Inro, said the rubber agreement is the most successful commodity agreement today. This was largely due to the realistic intervention price range, and the effectiveness of the BSM in keeping prices within that range.

"The International Tin Agreement has gone bankrupt. The International Cocoa Agreement, although it has buffer-stock operations, cannot do much now when the prices are down due to limited funds.

"The International Sugar Agreement is also not functioning effectively as the European Community, which is the largest producer and exporter, is not a member," he said.

Mr Stiebel's successor is to be Dr J. Knote, currently commercial counsellor at the West German embassy in Peking.

A TOP United Nations official yesterday welcomed international moves towards cooperation on trade in sugar, copper and tin, but regretted that there were problems over accords on rubber and cocoa, Reuter reports from Geneva.

Mr Kenneth Dadzie, Secretary-General of the UN Conference on Trade and Development (UNCTAD), told the opening session of a two-week meeting of the UNCTAD board that the arrival of a new International Sugar Agreement was encouraging. He also welcomed decisions by governments to convene negotiating conferences on tin and copper.

At a meeting under UNCTAD auspices here earlier this month delegates from 30 countries agreed to hold talks later this year about setting up an international study group on tin. The group would serve as a centre for production and trade statistics on tin and industry studies.

Mr Dadzie said delays in ratification processes, particularly by importing countries, were preventing implementation of a new International Natural Rubber Agreement.

Quantities of coal traded worldwide set record last year while EC imports fell

BY MAURICE SAMUELSON

A RECORD amount of coal was traded internationally last year but European Community imports fell because of low electricity growth rates and higher output by nuclear-power stations, says New York-based Chase Manhattan Bank.

The amount of coking-coal imported by Japan, the world's leading steelmaker, fell. Other Asian steel-producers increased imports.

The bank says, in its quarterly coal-situation report, that about 340.9m tonnes of coal was traded internationally of which:

- 283m tonnes moved by sea.
- Just more than half was steam-coal, the rest metallurgical.

The total traded was 1.4 per cent more than in 1986, the previous record year.

Coal exports (m tonnes)

	1986	1987
US	77.6	77.2
Australia	92.0	102.0
S.Africa	45.5	42.6
Canada	25.9	26.3
Colombia	6.2	9.6
W.Germany	7.5	5.6
UK	2.8	2.4
Poland	34.4	31.0
USSR	25.4	27.1
China	9.9	13.1
Others	8.9	9.0
Total	336.1	340.9
Seaborne	275.5	283.0

(1986 figs preliminary; 1987 revised)

The amount of coking-coal imported by world steelmaking countries rose by 3m tonnes, to about 164.4m tonnes.

Steam-coal imports, mainly for power-stations, rose by 0.8 per cent, to 178.5m tonnes.

Korea and Taiwan showed the greatest rises in coking-coal imports, reflecting steelmaking industries' vigour.

In Japan, coking-coal imports dipped by 3.7 per cent, to 67.1m tonnes.

Steam-coal imports by France fell 8.9m tonnes. Imports by West Germany and the UK fell by 1.9m and 1m tonnes respectively.

US sales for the year reflected lower demand in western Europe and tough competition by other suppliers.

Scepticism over cocoa mission

BY WONG SULONG

THE INTERNATIONAL Cocoa Organisation's mission, now in Malaysia, is unlikely to succeed to persuading Malaysia and Indonesia to join it in view of the enormous potential for cocoa cultivation in the countries, diplomats in Kuala Lumpur said yesterday.

While officials from the Malaysian Ministry of Primary Industries maintained that they would adopt "an open mind" to the submission of the ICCO mission, Malaysian growers have voiced their full opposition to ICCO membership.

In a memorandum to the ministery, the Malaysian Cocoa-Growers' Council said the country's national interests would not be served by joining ICCO, because it would then be subject to production and export quotas.

The memorandum also pointed out that membership would mean Malaysian cocoa exports would carry an ICCO levy of $30 dollars a tonne.

It said that about 40 per cent of the country's cocoa exports were going to non-ICCO consumers, where no such levy is paid.

The ICCO mission, led by Mr A. Russchen, ICCO's president, is spending two days in the East Malaysian state of Sabah before meeting Malaysian cocoa officials, led by Datuk Wong Yoke Meng, the primary industries secretary-general on Thursday in Kuala Lumpur.

The mission will visit Jakarta from May 1 to 3 for similar discussions. Diplomats in Kuala Lumpur feel that Indonesia is likely to adopt the attitude that it would only consider joining ICCO if Malaysia agreed to as well.

Last year, Malaysia's cocoa production was 182,000 tonnes, making it the fourth-biggest producer, while Indonesia produced about 45,000 tonnes.

ICCO producers feel that the current world cocoa glut cannot be tackled effectively without the co-operation of Malaysia and Indonesia, the two fastestgrowing producer-nations.

Although the cocoa price, at about £900 a tonne, is at a five-year-low, Malaysian and Indonesian planters can still make a small profit because of their high productivity.

Cocoa-growing nations are meeting in Togo's capital this week to discuss the problems of high stocks and sagging prices, Reuter reports from Lome.

There were few early indications of what action the Cocoa Producers Alliance (CPA) might take. One suggestion is to increase chocolate consumption in Africa, where little is eaten, or to take unspecified measures to reduce production.

Cocoa industry analysts interviewed before the meeting doubted whether it would find a way to solve the producers' predicament.

Farmers in protest over Chernobyl

By Bridget Bloom

THE HOUSE of Commons Select Committee on Agriculture opened an enquiry yesterday into the British Government's handling of the after-effects of the Chernobyl nuclear accident.

At its first hearings in Carlisle yesterday, the second anniversary of the Chernobyl explosion in the Soviet Union, the committee heard from Mr Chris French, vice-president of the National Farmers' Union.

He said it was "completely unacceptable" that nearly two years after the Government had imposed restrictions on sheep movements in areas affected by fall-out from the accident, 122 farmers in Cumbria and north Wales were still awaiting compensation.

The "small sum" of some £500,000 was all that was being claimed for the Cumbrian and Welsh farmers, compared with £5m that had already been paid to many of the 9,000 farmers who were originally covered by the restrictions.

Mr French argued that in case of such accidents in the future, the Government should have a statutory obligation to compensate farmers for loss of livelihood.

Restrictions remain on the movement of sheep from some 500 farms in Cumbria and north Wales, principally because scientists have found that the peaty soils of the two areas continue to allow radioactive particles to be drawn up by the roots of plants which sheep eat.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,250-2,290 (2,280-2,300).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 5.20-5.55 (5.25-5.55).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, ingots 8.00-8.40 (8.30-8.60), sticks 8.00-8.40 (8.30-8.60).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.80-7.05 (6.85-7.05).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 275-285 (280-290).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo in warehouse, 3.75-3.85 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 10.30-10.55 (10.30-10.60).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit (10 kgs) WO, cif, 55-60 (same).

VANADIUM: European free market, min 98 per cent, VO, cif, 3.10-3.20 (same).

URANIUM: Nuexco exchange value, $ per lb, UO, 15.90 (same).

Norway to seek approval on oil

NORWAY'S Oil Ministry said yesterday that it would seek approval this year from the country's Parliament to develop oil fields in the Haltenbanken basin off central Norway, thereby effectively abandoning a ceiling placed on offshore investments.

A ministry statement said the minority Labour Government would publish a white paper for an early development phase of the Heidrun oil and gas field by the end of May, and for the Draugen field in the autumn.

Opec seeks production cuts from non-member nations

BY RICHARD JOHNS IN VIENNA

THE ORGANISATION of Petroleum Exporting Countries (Opec) is looking to non-member producers to offer cuts in output before making any proposals of its own aimed at restoring prices to $18 per barrel.

Opec is understood, according to the general consensus emerging here, to be looking for a reduction in supplies of at least 500,000 barrels a day and perhaps as much as 1m barrels.

No specific goal, however, was set by a committee of six members who met here to formulate a common position prior to an unprecedented exchange with seven non-member producers, five of them represented at ministerial level.

A confusing and muddled conference seemed last night to be in prospect as Opec sought to obtain co-operation of other producers whose recent increases in output and exports has undermined prices.

Those responding to the invitation to attend what historically is the biggest gathering of oil producers are Angola, China, Colombia, Egypt, Malaysia, Mexico and Oman.

Brunei is not represented. Also absent are North Yemen and Syria which are both contributing to surplus supplies.

Norway and the Texas Railroad Commission have sent observers, however. Notable by the lack of any presence are the UK and the Soviet Union.

Mexico's commitment to cooperation seems to be far greater than that of other non-member producers which have sent delegations here.

Mr Fernando Hirlart Balderrama, Mexican Energy Secretary, has that his Government was "convinced that co-ordinated and immediate action to restrict production is needed to restore in the short term the price levels that prevailed last year."

Most, if not all, members of Opec are thinking in terms of a production cut on a per-barrel basis between its members and other collaborating countries. A percentage reduction would obviously hit Opec most.

At yesterday's committee meeting, Algeria pressed for a 1m b/d cut in supply. Other members argued that 500,000 b/d was a more reasonable objective, not the least because of the clear breaches of discipline by Iraq and the United Arab Emirates.

WORLD COMMODITIES PRICES

LONDON MARKETS

Nickel yesterday held on to most of the substantial gains it made on the London Metal Exchange on Monday when the cash price rose by $2,450 to $20,900. The price eased back by only $175 yesterday. The price for metal for delivery in three months, which rose by $500 to $15,400 on Monday, slipped back by only $25 yesterday. A new factor has emerged to add to the market's nervousness about potential shortages of supply. Political unrest in New Caledonia is being watched closely as a possible cause of further disruption to an already very tight general supply situation, traders said. Carrying interest in cash metal for a day remained brisk with premiums of $70 and $60 paid compared with $50 late on Monday and $140 paid at one stage on Friday. Aluminium prices rallied in the afternoon but the price of high-grade (99.7 per cent) metal eased back by $30 to $2,320 by the end of the day. Traders said commission house selling and liquidation continued.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.65-5.73t	
Brent Blend	$17.15-7.25w	+0.10
W T I (1 pm est)	$18.40-8.45t	+0.05
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$189-192	
Gas Oil (Soviet)	$156-158	
Heavy Fuel Oil	$86-88	-1
Naphtha	$161-164	
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$447.75	-1.75
Silver (per troy oz)♣	635c	-6
Platinum (per troy oz)	$512.0	-6.4
Palladium (per troy oz)	$123.00	+0.75
Aluminium (free market)	$2305	-85
Copper (US Producer)	100⅞-2½c	-¼
Lead (US Producer)	35.5c	
Nickel (free market)	900c	
Tin (European free market)	£3645	+5
Tin (Kuala Lumpur market)	17.33r	-0.02
Tin (New York)	319.0c	
Zinc (Euro. Prod. Price)	$1015	
Zinc (US Prime Western)	51¾c	
Cattle (live weight)	100.55p	-0.42*
Sheep (dead weight)	200.86p	+7.26*
Pigs (live weight)	87.70p	-0.03*
London daily sugar (raw)	$234.2s	+1.2
London daily sugar (white)	$248.0s	+3.5
Tate and Lyle export price	£231.5	+1.0
Barley (English feed)	£107.5w	
Maize (US No. 3 yellow)	£132.0u	
Wheat (US Dark Northern)	£93.50w	-0.25
Rubber (spot)♦	66.50p	+0.25
Rubber (June)♦	70.50p	+0.25
Rubber (July)♦	70.75p	+0.25
Rubber (KL RSS No 1 Mar)	311m	
Coconut oil (Philippines)§	$545x	
Palm Oil (Malaysian)§	$412.5w	+2.5
Copra (Philippines)§	$365	
Soyabeans (US)	£156	-5
Cotton "A" index	65.95c	-0.20
Wooltops (64s Super)	655p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-May/Jun. u-Apr/May. x-Jun/Jul. y-Apr. t-Jun. s-May/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♦London physical market. §CIF Rotterdam. ♣Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
May	903	894	905	898
Jly	923	915	927	919
Sep	944	932	943	937
Dec	964	962	964	956
Mar	986	974	986	981
May	1006	994	1004	1000
Jul	1022	1011	1022	1017

Turnover: 4026 (4341) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for April 25: 1203.14 (1197.86). 10 day average for April 26: 1183.31 (1180.61)

COFFEE £/tonne

	Close	Previous	High/Low
May	[illegible]	[illegible]	[illegible]
Jly	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Turnover: 2312 (2004) lots of 5 tonnes
ICO indicator prices (US cents per pound) for April 25: Comp. daily 1979 117.10 (116.87); 15 day average 116.80 (116.78).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
White	**Close**	**Previous**	**High/Low**
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]

Turnover: Raw [illegible] lots of 50 tonnes. White 1518 [illegible].
Paris- White (FFr per tonne): Aug 1363, Oct 1368, Dec 1383, Mar 1380, May 1395, Aug 1405

GAS OIL $/tonne

	Close	Previous	High/Low
May	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]

Turnover: 2346 (2561) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	[illegible]	[illegible]	[illegible]
Jly	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Barley	**Close**	**Previous**	**High/Low**
May	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Turnover: Wheat 259 (180), Barley 47 (123) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	2310-30	2340-60		2295-315		
3 months	2105-25	2110-30		2090-110	2110-30	4,696 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 20,100 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper, Grade A (£ per tonne)						Ring turnover 41,800 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]		13 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lead (£ per tonne)						Ring turnover 13,000 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10,475 lots
Nickel ($ per tonne)						Ring turnover 2,582 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7,269 lots
Zinc (£ per tonne)						Ring turnover 11,150 tonne
Cash	[illegible]	[illegible]	[illegible]	[illegible]		
3 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17,291 lots

POTATOES £/tonne

	Close	Previous	High/Low
May	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Turnover: 221 (304) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Jun	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]

Turnover: 214 (155) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	[illegible]	[illegible]	[illegible]
Jly	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]
BFI	[illegible]	[illegible]	

Turnover: 988 (700)

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fix	[illegible]	[illegible]
Afternoon fix	[illegible]	[illegible]
Day's high	[illegible]	
Day's low	[illegible]	
Coins	**$ price**	**£ equivalent**
US Eagle	[illegible]	[illegible]
Maple leaf	[illegible]	[illegible]
Britannia	[illegible]	[illegible]
Krugerrand	[illegible]	[illegible]
1/2 Krug	[illegible]	[illegible]
1/4 Krug	[illegible]	[illegible]
1/10 Angel	[illegible]	[illegible]
Angel	[illegible]	[illegible]
New Sov.	[illegible]	[illegible]
Old Sov.	[illegible]	[illegible]
Noble Plat	[illegible]	[illegible]

Silver fix	p/fine oz	US cts equiv
Spot	[illegible]	[illegible]
3 months	[illegible]	[illegible]
6 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls			Puts		
Strike price $ tonne	May	July	Aug	May	July	Aug
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aluminium (99.5%)	**Calls**			**Puts**		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copper (Grade A)	**Calls**			**Puts**		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)				
Apr 26	Apr 22	mnth ago	yr ago	
[illegible]	[illegible]	[illegible]	[illegible]	
DOW JONES (Base: December 31 1974 = 100)				
Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

US MARKETS

The precious metals opened firm, but, on release of the U.S. GNP figure, trade and local selling touched-off light stops to ease prices, reports Drexel Burnham Lambert. Silver, in particular, eased rapidly as near-term support areas were penetrated. However, fund buying led to local short-covering as the markets responded to a rally in the energy futures. Crude oil was relatively quiet in advance of the O.P.E.C. Meeting which began today. However, late in the day, the market rallied on mixed short-covering. In the products, tightness of nearby supply led to steadiness in the futures. Coffee was slow, dominated by local activity. Cocoa rallied with technical and industry buying and speculative short-covering. Sugar failed to make any headway following yesterday's rally, overhead producer and trade selling saw the market ease. The meats were quiet and lackiustre, the only feature being spread activity in the live cattle futures. Uncertainty over new crop growths led to forward strength in corn and the cash market had a steady undertone. Chicago wheat derived some support from commercial buying against a tender by Egypt, while Kansas city eased with hedge selling against today's auction. Minneapolis wheat was weak reflecting forecasts of rains. Possible buying by India and Pakistan firmed otherwise quiet soybean and soyoil markets, while meal was featureless.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	89.85	91.35	89.80	89.20
May	89.35	90.95	90.05	88.50
Jun	87.80	89.15	88.00	89.00
Jul	85.85	87.35	86.35	86.00
Sep	83.85	84.85	84.30	85.00
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	677/4	669/0	679/0	669/0
Jul	688/0	689/2	687/0	684/0
Aug	690/4	672/2	691/0	670/0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Confusion follows GNP data

THE DOLLAR rose in late European trading, to finish little changed, after a period of some volatility on publication of first quarter US Gross National Product data.

The up and down movements in the dollar were not enough to move the currency out of its recent range, but indicated the mood of uncertainty in the market.

A rise of 2.3 p.c. in first quarter growth, compared with 4.8 p.c. in the fourth quarter of 1987, was in line with the general range of forecasts.

A gain of 2.4 p.c. in the implicit price deflator - a guide to US inflation - compared with 2.7 p.c. in the fourth quarter, was a little below expectations, but the dollar began to weaken on further analysis of the data.

Mr Rupert Thompson, economist at Morgan Grenfell, said the breakdown showed rather higher inflation and a slightly stronger economy than the headline figures suggest.

The main fear in the market was that a sharp rise of 3.8 p.c., or $23.6bn, in first quarter real personal consumption will prove inflationary and bad for the US trade position.

This caused a set back for the dollar, but it recovered to close around the highest level of the day against the D-Mark and yen, although still slightly lower on the day.

The dollar fell to DM1.6750 from DM1.6775; to Y124.75 from Y124.80; to SFr1.3865 from SFr1.3885; and to FFr5.69 from FFr5.6950.

On Bank of England figures the dollar's exchange rate index fell to 92.5 from 92.7.

Sterling opened weak, with dealers continuing to blame comments by Mr Nigel Lawson, the Chancellor, for the pound's decline.

Sentiment surrounding the pound appears to have changed however, and the market now waits to see whether Friday's UK trade figures for March will be regarded as an excuse to sell the currency.

Upward pressure on the pound appears to have abated, and in general sterling was on the sidelines yesterday, as attention focused on the dollar.

Sterling closed unchanged at $1.8750 and at Y234.00, but fell to DM3.14 from DM3.1450; to SFr2.60 from SFr2.6025; and to FFr10.6675 from FFr10.6775.

According to the Bank of England the pound's index closed unchanged at 78.2.

D-MARK - Trading range against the dollar in 1987/88 is 1.9805 to 1.5740. March average 1.6766. Exchange rate index 148.7 against 147.8 six months ago.

The D-Mark closed little changed against the dollar in Frankfurt, as the market tried to find direction from confusing data on US first quarter GNP growth.

The dollar fell to DM1.6730 from DM1.6760. Earlier in the day the Bundesbank did not intervene when the dollar was fixed at DM1.6725 in Frankfurt, compared with DM1.6742 on Monday.

In Paris the D-Mark was fixed at FFr3.3968, against DM3.3960 previously. Trading was quiet, with dealers suggesting the market was calm after the first round in the French presidential elections. A level of DM3.40 is generally regarded as a psychological barrier, and at present there seems no reason for the D-Mark to break through this level ahead of the final election to decide the French President on May 8.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. March average 127.98. Exchange rate index 245.4 against 222.1 six months ago.

The yen strengthened against the dollar in Tokyo, but trading was very quiet ahead of publication of the US GNP figures. The dollar moved in a narrow range, closing at Y124.55, compared with Y125.00 on Monday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4223	+2.27	+0.93	±1.5344
Danish Krone	7.85212	7.98843	+1.74	+0.40	±1.5404
German D-Mark	2.05853	2.07565	+0.83	-0.51	±1.0981
French Franc	6.90403	7.05088	+2.13	+0.79	±1.3674
Dutch Guilder	2.31943	2.32798	+0.37	-0.97	±1.5012
Irish Punt	0.768411	0.777187	+1.14	-0.20	±1.6684
Italian Lira	1483.58	1543.54	+4.04	+3.23	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Apr.26	Latest	Previous Close
£ Spot	1.8775-1.8785	1.8715-1.8740
1 month	0.16-0.14pm	0.17-0.14pm
3 months	0.40-0.36pm	0.48-0.43pm
12 months	1.50-1.40pm	1.95-1.40pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.26	Previous
0.30 am	78.1	70.4
9.00 am	78.2	78.5
10.00 am	78.2	78.5
11.00 am	78.3	78.5
Noon	78.3	78.4
1.00 pm	78.3	78.5
2.00 pm	78.3	78.4
3.00 pm	78.3	78.3
4.00 pm	78.2	78.2

CURRENCY RATES

Apr.26	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.734464	0.660351
U.S Dollar	6	1.38204	1.24179
Canadian $	8.75	1.70198	1.52616
Austrian Sch.	3	16.2569	14.5985
Belgian Franc	6½	48.4198	43.4223
Danish Krone	7½	8.88514	7.98843
Deutsche Mark	2½	2.31381	2.07565
Neth. Guilder	3¼	2.59547	2.32798
French Franc	9½	7.86104	7.05088
Italian Lira	12½	N/A	1543.54
Japanese Yen	2½	172.755	154.479
Norway Krone	8	8.52166	7.66494
Spanish Peseta	-	152.732	137.031
Swedish Krona	7½	8.12294	7.28496
Swiss Franc	2½	1.91343	1.71802
Greek Drach.	20½	185.636	166.723
Irish Punt	-	0.866048	0.777187

*All SDR rates for Apr.25

CURRENCY MOVEMENTS

Apr.26	Bank of England Index	Morgan** Guaranty Changes %
Sterling	70.2	-14.2
U.S Dollar	92.5	-14.2
Canadian Dollar	81.5	-5.1
Austrian Schilling	139.6	+10.5
Belgian Franc	100.4	-5.0
Danish Krone	92.4	+1.2
Deutsche Mark	148.7	+22.4
Swiss Franc	175.8	+23.3
Guilder	137.7	-15.1
French Franc	71.2	-14.0
Lira	46.4	-20.1
Yen	245.4	+83.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100)**Rates for Apr.25

OTHER CURRENCIES

Apr.26	£	$
Argentina	11.2990-11.3800	6.0100-6.0500
Australia	2.4860-2.4890	1.3210-1.3220
Brazil	246.10-247.40	130.90-131.55
Finland	7.4855-7.5085	3.9885-3.9905
Greece	249.80-254.00	133.20-135.45
Hong Kong	14.6955-14.7130	7.8145-7.8165
Iran	125.50*	66.10*
Korea(Sth)	1389.75-1402.30	737.40-743.40
Kuwait	0.51440-0.51490	0.27350-0.27360
Luxembourg	65.65-65.75	35.00-35.10
Malaysia	4.8355-4.8475	2.5730-2.5750
Mexico	4277.00-4298.10	2275.00-2285.00
N. Zealand	2.8200-2.8250	1.4980-1.5005
Saudi Ar	7.0535-7.0595	3.7500-3.7510
Singapore	3.7650-3.7705	2.0020-2.0040
S. Af (Cm)	4.0350-4.0500	2.1480-2.1500
S. Af (Fn)	5.3275-5.4505	2.8330-2.8985
Taiwan	53.60-53.90	28.60-28.70
U.A.E.	6.9075-6.9135	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Apr.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8735-1.8825	1.8745-1.8755	0.19-0.16cpm	1.12	0.52-0.47pm	1.06
Canada	2.3040-2.3140	2.3040-2.3050	0.06-0.16cdis	-0.57	0.33-0.46dis	-0.69
Netherlands	3.51½-3.52½	3.51½-3.52½	1½-1¼cpm	4.68	4-3½pm	4.33
Belgium	65.50-66.85	65.65-66.75	20-5cpm	2.28	40-29pm	2.34
Denmark	12.05½-12.10½	12.05½-12.06½	⅞-2oredis	-1.18	2⅞-4⅛dis	-1.09
Ireland	1.1740-1.1780	1.1750-1.1760	0.10-0.20pdis	-1.53	0.30-0.45dis	-1.28
W. Germany	3.13½-3.14½	3.13½-3.14½	1½-1¼pfpm	5.25	4-3¾pm	4.94
Portugal	255.30-257.50	255.30-256.30	35-100cdis	-3.64	185-280dis	-3.68
Spain	206.90-207.65	206.90-207.20	31-41cdis	-2.09	108-120dis	-2.20
Italy	2330¼-2338¼	2334¼-2335¼	2-6liredis	-2.06	11-17dis	-2.40
Norway	11.54½-11.61	11.57¼-11.58¼	5-6¼oredis	-5.76	15¼-16½dis	-5.48
France	10.65-10.68	10.66¼-10.67¼	½pm-¼cdis	-0.14	½-⅝dis	-0.21
Sweden	11.00¼-11.03¼	11.01-11.02	1¼-2oredis	-1.70	3⅞-4½dis	-1.43
Japan	233¼-234½	233½-234½	1-¼ypm	4.49	2¾-2½pm	4.38
Austria	22.03-22.09	22.05-22.08	9-8gropm	4.62	24⅞-22½pm	4.28
Switzerland	2.59¼-2.60¼	2.59½-2.60½	1½-1¼cpm	6.63	4¼-3¾pm	6.15

Belgian rate is convertible francs. Financial franc 66.05-66.15. Six-month forward dollar 1.08-1.03cpm 12 month 2.10-2.00cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8735-1.8825	1.8745-1.8755	0.19-0.16cpm	1.12	0.52-0.47pm	1.06
Ireland†	1.5935-1.5990	1.5945-1.5955	0.07-0.17cdis	-0.90	0.23-0.53dis	-0.95
Canada	1.2270-1.2315	1.2280-1.2290	0.16-0.19cdis	-1.71	0.52-0.55dis	-1.74
Netherlands	1.8720-1.8795	1.8780-1.8790	0.53-0.51cpm	3.33	1.51-1.47pm	3.18
Belgium	34.90-34.10	35.00-35.10	4-2cpm	1.03	12-9pm	1.20
Denmark	6.42¼-6.44¼	6.43-6.43½	0.95-1.55oredis	-2.33	3.40-4.10dis	-2.33
W. Germany	1.6690-1.6765	1.6745-1.6755	0.59-0.56pfpm	4.13	1.61-1.56pm	3.79
Portugal	136¾-137	136¾-137	45-65cdis	-4.82	140-190dis	-4.82
Spain	110.15-110.55	110.45-110.55	30-40cdis	-3.81	87-97dis	-3.33
Italy	1241½-1245½	1245-1245½	2.90-3.90liredis	-3.28	10.10-12.10dis	-3.57
Norway	6.16-6.18	6.17½-6.18	3.45-3.80oredis	-7.05	10.05-10.45dis	-6.64
France	5.66¼-5.69¼	5.68¾-5.69¼	0.45-0.65cdis	-1.16	1.50-1.80dis	-1.16
Sweden	5.86-5.87½	5.87¼-5.87¾	1.35-1.55oredis	-2.97	3.65-3.95dis	-2.59
Japan	124.20-124.80	124.70-124.80	0.37-0.32ypm	3.33	1.03-0.96pm	3.16
Austria	11.74-11.78½	11.78-11.78½	3.70-3.40gropm	3.63	9.80-8.80pm	3.17
Switzerland	1.3805-1.3870	1.3860-1.3870	0.63-0.58cpm	5.25	1.75-1.70pm	4.99

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.20-35.30.

EURO-CURRENCY INTEREST RATES

Apr.26	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	7¼-7⅛	7⅞-7¾	8⅛-8¼	8⅞-8⅝	8⅞-8¾	9⅛-9¼
US Dollar	6¾-6⅝	6⅞-6¾	7⅛-6⅞	7⅜-7¼	7⅝-7½	7⅞-7¾
Can. Dollar	8⅛-7⅞	8⅛-8	8⅜-8¼	8⅝-8½	9⅛-8⅞	9⅜-9¼
D. Guilder	4-3¾	4-3¾	4-3⅞	4¼-4⅛	4⅜-4¼	4⅝-4½
Sw. Franc	2-1¾	2-1¾	2⅛-2	2⅝-2½	2⅞-2¾	2⅞-2¾
Deutschemark	3⅝-3½	3⅝-3½	3⅝-3½	3⅝-3½	3⅝-3½	3⅞-3¾
Fr. Franc	7⅜-7¼	7⅝-7½	8⅛-8	8⅜-8¼	8⅝-8½	8⅝-8½
Italian Lira	10-8	9⅛-8⅛	10⅛-9⅝	10⅜-10⅛	11-10⅝	11⅛-11
B. Fr. (Fin)	6-5⅞	6⅛-5⅞	6⅛-6	6⅛-6	6⅛-6⅛	6⅛-6¼
B. Fr. (Con.)	5⅞-5½	6⅛-5⅞	6⅛-5⅞	6⅛-5⅞	6⅛-6	6⅛-6
Yen	3⅞-3⅝	4⅛-4⅛	4⅛-4	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
D. Krone	9⅛-9	9⅝-9⅛	9⅝-9⅝	9⅝-9⅝	10-9⅝	10⅛-9⅞
Asian $Sing	6⅞-6⅞	6⅞-6⅞	7⅛-7	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛

Long term Eurodollars: two years 8⅛-8⅛ per cent; three years 8⅝-8⅝ per cent; four years 9-8⅞ per cent; five years 9⅛-9 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.26	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.875	3.140	234.0	10.67	2.600	3.523	2335	2.305	65.70
$	0.533	1	1.675	124.8	5.691	1.387	1.879	1245	1.229	35.04
DM	0.318	0.597	1	74.52	3.398	0.828	1.122	743.6	0.734	20.92
YEN	4.274	8.013	13.42	1000.	45.60	11.11	15.06	9979	9.850	280.8
F Fr.	0.937	1.757	2.943	219.3	10.	2.437	3.302	2188	2.160	61.57
S Fr.	0.385	0.721	1.208	90.00	4.104	1	1.355	898.1	0.887	25.27
H Fl.	0.284	0.532	0.891	66.42	3.029	0.738	1	662.8	0.654	18.65
Lira	0.428	0.803	1.345	100.2	4.570	1.113	1.509	1000.	0.987	28.14
C $	0.434	0.813	1.362	101.5	4.629	1.128	1.528	1013	1	28.50
B Fr.	1.522	2.854	4.779	356.2	16.24	3.957	5.362	3554	3.508	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Gilts and bonds rise

TRADERS ON Liffe voiced some hope that sterling interest rate contracts have found a short term base. The main point of optimism centred on the fact that the low for both long gilts and short sterling contracts was slightly above the lowest point touched on Monday.

US Treasury bond futures rose on a lower than expected implicit price deflator - a guide on the level of inflation - published as part of the first quarter US GNP data.

June US bonds opened at 88-17 on Liffe, and closed just below the day's peak, at 88-27, compared with 88-13 on Monday.

This was a reaction to the deflator figure, but there was some concern about the high level of consumption during the first quarter.

Dealers suggested this should not cause too much concern, because the figures are historic, and there is no indication that spending continues to roar ahead.

On the other hand it was pointed out that consumption was higher than before the stock exchange crash last October.

In the US, confusion over the implication of the figures kept investors out of the market, amid general uncertainty about whether there will be any change in the Federal Reserve's credit policies.

Volume in long gilt futures on Liffe fell back to around 25,000, from over 32,000 on Monday. Dealers said that a bounce in the price of the contract, after two day's of sharp decline, was no surprise, but that the level of recovery was rather disappointing.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
114	627	—	1	—
116	433	—	7	—
118	245	—	19	—
120	116	—	54	—
122	27	—	201	—
124	7	—	345	—
126	2	—	540	—

Estimated volume total, Calls 5353 Puts 6310
Previous day's open int. Calls 41697 Puts 32608

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
82	656	638	2	48
84	463	506	9	116
86	312	352	22	162
88	144	248	54	258
90	44	158	154	404
92	16	117	326	527
94	4	52	514	662

Estimated volume total, Calls 70 Puts 154
Previous day's open int. Calls 3197 Puts 1073

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements MAY	Calls-settlements Jun	Puts-settlements MAY	Puts-settlements Jun
16500	1568	1661	28	121
17000	1124	1267	84	227
17500	740	927	200	387
18000	442	649	402	609
18500	236	434	696	894
19000	112	276	1072	1236
19500	47	168	1507	1628

Estimated volume total, Calls 5 Puts 0
Previous day's open int. Calls 35 Puts 72

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements MAY	Calls-settlements Jun	Puts-settlements MAY	Puts-settlements Jun
170	1750	1750	0	0
175	1250	1250	0	5
180	750	760	4	37
185	303	377	63	154
190	59	138	319	415
195	4	35	764	812
200	0	6	1260	1283

Estimated volume total, Calls 2 Puts 0
Previous day's open int. Calls 855 Puts 191

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9150	100	80	0	13
9175	76	62	1	20
9200	54	46	4	29
9225	34	33	9	41
9250	18	22	18	55
9275	0	14	33	72
9300	3	0	53	91

Estimated volume total, Calls 55 Puts 50
Previous day's open int. Calls 3293 Puts 2871

LIFFE SHORT STERLING

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9025	101	73	2	15
9050	78	56	4	23
9075	56	41	7	33
9100	37	28	13	45
9125	23	18	24	60
9150	13	11	39	78
9175	6	6	57	98

Estimated volume total, Calls 1387 Puts 1085
Previous day's open int. Calls 8412 Puts 4886

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls May	Calls Jun	Calls July	Calls Sep	Puts May	Puts Jun	Puts July	Puts Sep
1.800	7.65	7.80	8.10	8.95	0.05	0.35	1.10	2.15
1.825	5.20	5.70	6.20	7.25	0.10	0.75	1.70	2.90
1.850	3.00	3.85	4.60	5.80	0.45	1.45	2.45	3.90
1.875	1.35	2.35	3.25	4.50	1.35	2.40	3.55	5.10
1.900	0.50	1.40	2.20	3.55	2.85	3.90	5.00	6.50
1.925	0.10	0.80	1.55	2.70	5.00	5.75	6.65	8.10
1.950	0.05	0.40	1.00	2.05	7.35	7.80	8.60	9.85

Previous day's open int: Calls 422,145 Puts 393,162
Previous day's volume: Calls 23,165 Puts 9,565

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
1.65	-	18.65	-	19.05	-	1.30	-	1.80
1.70	15.60	15.70	-	16.40	0.30	0.55	-	1.50
1.75	10.60	13.15	12.90	15.00	0.30	0.80	1.00	2.50
1.80	6.10	9.00	10.35	10.20	0.35	1.65	1.30	2.35
1.85	3.75	4.60	5.40	6.50	0.75	1.60	2.60	4.10
1.90	0.70	2.00	2.80	3.90	2.20	6.60	4.85	8.85
1.95	0.30	0.75	1.30	3.25	2.45	7.15	8.00	0.90

Estimated volume total, Calls N/A Puts N/A
Previous day's open int: Calls 701 Puts 716

LONDON (LIFFE)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Jun	120-13	120-18	120-05	120-06
Sep	96-12	96-13	96-05	96-06

Estimated Volume 24980(33382)
Previous day's open int. 27546(27666)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Jun	96-19	96-22	96-18	96-18
Sep				

Estimated Volume 172(15)
Previous day's open int. 1781(1796)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND
Y100m 100ths of 100%

	Close	High	Low	Prev.
Jun	108.24	108.35	108.16	108.20
Sep	107.49			107.56

Estimated Volume 394(280)
Previous day's open int. 483(499)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Jun	91.24	91.33	91.22	91.22
Sep	90.83	90.92	90.83	90.83
Dec	90.60	90.69	90.61	90.59
Mar	90.41	90.48	90.46	90.42

Est. Vol. (inc. figs. not shown) 13064(13950)
Previous day's open int. 30102(30936)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Jun	180.40	180.40	178.80	178.50
Sep	181.90			180.00
Dec				

Estimated Volume 1007(1808)
Previous day's open int. 10406(10345)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Jun	92.50	92.51	92.41	92.46
Sep	92.17	92.17	92.09	92.16
Dec	91.91	91.91	91.82	91.89
Mar	91.71	91.71	91.61	91.69

Est. Vol. (inc. figs. not shown) 7569(2890)
Previous day's open int. 30639(30494)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Jun	88-27	88-29	88-09	88-13
Sep	87-27			87-13
Dec				

Estimated Volume 12092(1889)
Previous day's open int. 7923(7962)

CURRENCY FUTURES

LIFFE-STERLING £25,000 $ per £

	Close	High	Low	Prev.
Jun	1.8723			1.8703
Sep	1.8665			1.8642
Dec	1.8610			1.8585

Estimated Volume 0(7)
Previous day's open int. 194(201)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8750	1.8733	1.8701	1.8645	1.8546

IMM-STERLING $ per £

	Latest	High	Low	Prev.
Jun	1.8780	1.8805	1.8760	1.8715
Sep	1.8748	1.8748	1.8700	1.8664
Dec	1.8670	1.8670	1.8630	1.8624

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Jun	88-17	88-22	88-15	88-21
Sep	87-17	87-22	87-16	87-21
Dec	86-19	86-23	86-18	86-23
Mar	85-25	85-28	85-25	85-28
Jun	-	-	-	85-04
Sep	-	-	-	84-13
Dec	-	-	-	83-24
Mar	-	-	-	83-05
Jun	-	-	-	82-19
Sep	-	-	-	82-02

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	93.92	93.94	93.88	93.92
Sep	93.62	93.64	93.57	93.62
Dec	93.36	93.37	93.32	93.36
Mar	93.14	93.14	93.14	93.14
Jun	-	-	-	92.95
Sep	-	-	-	92.75
Dec	-	-	-	92.61

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Jun	0.7278	0.7287	0.7273	0.7255
Sep	0.7373	0.7385	0.7365	0.7361
Dec	0.7480	0.7480	-	0.7452
Mar	0.7560	0.7560	-	0.7557

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Jun	0.8069	0.8080	0.8064	0.8050
Sep	0.8144	0.8148	0.8138	0.8120
Dec	0.8210	0.8210	-	0.8189
Mar	-	-	-	0.8257
Jun	-	-	-	0.8324

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Jun	0.6011	0.6019	0.6005	0.5997
Sep	0.6076	0.6079	0.6069	0.6058
Dec	0.6130	0.6130	-	0.6119
Mar	-	-	-	0.6182

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	92.46	92.49	92.41	92.46
Sep	92.13	92.18	92.08	92.13
Dec	91.86	91.90	91.82	91.87
Mar	91.66	91.68	91.61	91.66
Jun	91.48	91.50	91.43	91.48
Sep	91.32	91.34	91.26	91.32
Dec	91.18	91.18	91.12	91.17
Mar	91.05	91.05	90.99	91.04

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Jun	263.65	263.95	263.25	263.85
Sep	265.50	265.60	265.15	265.65
Dec	267.40	267.55	267.00	267.45
Mar	269.10	269.10	268.70	269.00

MONEY MARKETS

London rates easier

THERE WAS a slight easing of interest rates on the London money market yesterday.

Three-month interbank fell to 8⅝-8¾ p.c. from 8½-8⅝ p.c., in nervous trading, ahead of Friday's release of UK trade data.

Sterling had a soft tone against the D-Mark, but this attracted little attention. Dealers noted that the present level of the June short sterling contract on Liffe discounts a rise of ¾ p.c. to 8¾ p.c. in UK bank base rates, and that there was selling of the contract in late trading.

Day-to-day credit conditions on the money market were more comfortable than of late. The Bank of England initially forecast a money market shortage of £150m, but revised this to £250m at noon. Total help of £270m was provided.

UK clearing bank base lending rate 8 per cent from April 11

Before lunch the authorities bought £270m bills outright, by way of £20m Treasury bills in band 3 at 7⅞ p.c., and £250m bank bills in band 4 at 7⅞ p.c.

No further assistance was provided in the afternoon.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £657m. This outweighed Exchequer transactions adding £490m to liquidity, and a fall in the note circulation of £40m.

In Frankfurt credit conditions continued to tighten. Call money rose to 3.30 p.c. from 3.25 p.c., as banks bid for funds to meet reserve requirements at the Bundesbank.

Commercial bank holdings at the central bank remained low on Friday, at DM44.6bn, compared with DM44.4bn on Thursday. The average of DM54.4bn for the first 24 days of April was above the official requirement of DM53.2bn for the whole month, and in general banks are not expected to have serious problems meeting the target.

No early change in the Bundesbank's key interest rates is expected, in spite of the 7.6 p.c. rise in M3 March money supply, which is above the official target for the year of 3 p.c. to 6 p.c.

In Copenhagen interest were firmer, ahead of the general election on May 10. Copenhagen Handelsbank announced that loans on business credits would rise by ¾ p.c., and on private loans by ½ p.c. Interest on a typical business credit is now 10¾ p.c., and on a private loan between 13¾ p.c. and 15¼ p.c.

Six major domestic banks have raised interest rates ahead of the election, but the central bank has not changed its credit policy.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.26) 3 months US dollars		6 months US Dollars	
bid 7⅛	offer 7¼	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	[illegible]	One month	[illegible]
Broker loan rate	[illegible]	Two month	[illegible]
Fed.funds	[illegible]	Three month	[illegible]
Fed.funds at intervention	[illegible]	Six month	[illegible]
		One year	[illegible]
		Two year	[illegible]
		Three year	[illegible]
		Four year	[illegible]
		Five year	[illegible]
		Seven year	[illegible]
		10 year	[illegible]
		30 year	[illegible]

Apr.26	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Apr.26	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month [illegible] per cent; three months [illegible] per cent. [illegible]

Company Notices

THE SEAGRAM COMPANY LTD.

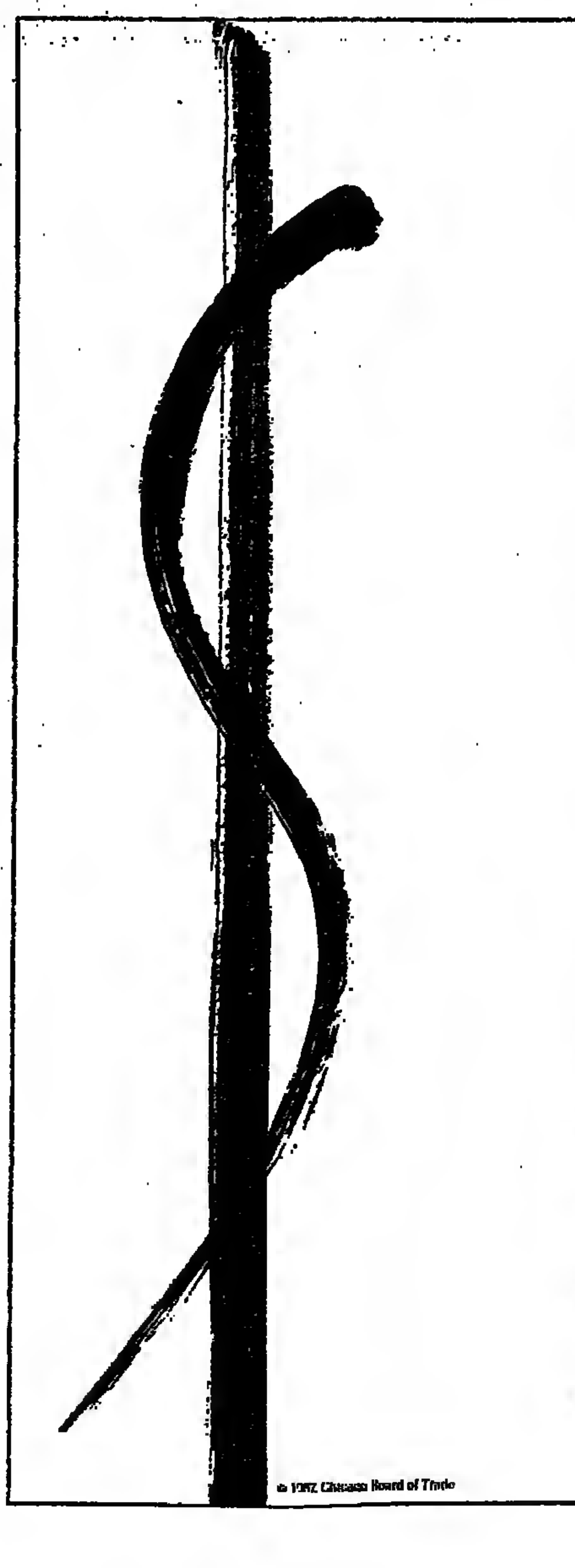
Notice to Holders of Warrants to Purchase Common Shares

Please be advised that the Annual Report of The Seagram Company Ltd., for the twelve months ended January 31, 1988, is now available and a copy may be obtained by writing to: **The Secretary, The Seagram Company Ltd., 1430 Peel Street, Montreal, Quebec, Canada H3A 1S9.**

JOSEPH E. SEAGRAM & SONS, INC.

Notice to Holders of Warrants to Purchase U.S. $125,000,000 12¼% Guaranteed Bonds due 1994 Guaranteed by The Seagram Company Ltd.

Please be advised that the Annual Report of The Seagram Company Ltd., for the twelve months ended January 31, 1988, which incorporates the financial results of Joseph E. Seagram & Sons, Inc., is now available and a copy may be obtained by writing to: **The Secretary, The Seagram Company Ltd., 1430 Peel Street, Montreal, Quebec, Canada H3A 1S9.**



EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$ 460	270	3.50	10	16	5	26	$ 448.10
GOLD C	$ 500	-	-	-	-	100	10.80	$ 448.10
GOLD P	$ 420	-	-	-	-	10	8	$ 448.10
GOLD P	$ 440	5	3.70 A	10	9	-	-	$ 448.10
GOLD P	$ 460	23	12	-	-	-	-	$ 448.10

Series		May 88 Vol	May 88 Last	Jun. 88 Vol	Jun. 88 Last	Jul. 88 Vol	Jul. 88 Last	Stock
EOE Index C	Fl. 185	14	23	-	-	-	-	Fl. 209.69
EOE Index C	Fl. 195	25	14.50	-	-	-	-	Fl. 209.69
EOE Index C	Fl. 200	11	10	-	-	-	-	Fl. 209.69
EOE Index C	Fl. 205	31	7	7	10.20	5	12	Fl. 209.69
EOE Index C	Fl. 210	212	4.90	3	7.90	1	10	Fl. 209.69
EOE Index C	Fl. 215	50	2.80	12	5.80	3	8	Fl. 209.69
EOE Index C	Fl. 220	20	1.80	1	4.50	5	6	Fl. 209.69
EOE Index P	Fl. 185	10	1	-	-	-	-	Fl. 209.69
EOE Index P	Fl. 190	54	1.60	18	3.90	-	-	Fl. 209.69
EOE Index P	Fl. 195	62	2.30	39	5	-	-	Fl. 209.69
EOE Index P	Fl. 200	149	3.30	74	7.60	38	9.50	Fl. 209.69
EOE Index P	Fl. 205	143	5.40	5	9.50 A	-	-	Fl. 209.69
EOE Index P	Fl. 210	68	8	70	11.80 B	2	15	Fl. 209.69
£/Fl C	Fl. 360	100	0.50	-	-	-	-	Fl. 352.44
$/Fl C	Fl. 185	11	3.20	-	-	-	-	Fl. 187.67

Series		Jul. 88 Vol	Jul. 88 Last	Oct. 88 Vol	Oct. 88 Last	Jan. 89 Vol	Jan. 89 Last	Stock
ABN C	Fl. 40	216	1.20	41	2	145	2.50	Fl. 39.60
ABN P	Fl. 40	32	2.70	182	4.20	30	4.60	Fl. 39.60
AEGON C	Fl. 70	61	4.80	-	-	50	7.80	Fl. 73.80
AEGON P	Fl. 75	22	5.20	-	-	-	-	Fl. 73.80
AHOLD C	Fl. 70	116	3.90	50	5.60	-	-	Fl. 70.40
AKZO C	Fl. 120	264	1.90	75	4.50	53	6.90	Fl. 109.90
AKZO P	Fl. 100	244	3.70	4	6	3	8.50 A	Fl. 109.90
AMEV C	Fl. 55	99	1.40	6	2	-	-	Fl. 50
AMEV P	Fl. 50	12	3.60	110	5	-	-	Fl. 50
AMRO C	Fl. 70	129	1.50	21	2.50	1	3.80	Fl. 66
AMRO P	Fl. 80	14	14.50	-	-	-	-	Fl. 66
BUHRMANN-T C	Fl. 45	28	2.30	20	3.90	-	-	Fl. 45.70
ELSEVIER C	Fl. 30	95	3.10 B	-	-	-	-	Fl. 50.70
ELSEVIER P	Fl. 50	18	2.30	-	-	64	5.50	Fl. 50.70
GIST-BROC C	Fl. 35	157	2.20	9	3.50	7	5	Fl. 34.70
GIST-BROC P	Fl. 35	37	3.20	43	4.30	20	5	Fl. 34.70
HEINEKEN C	Fl. 130	45	4.80	7	7.30	1	9	Fl. 126.50
HEINEKEN P	Fl. 120	20	3.50	5	6	-	-	Fl. 126.50
HOOGOVENS C	Fl. 40	274	2.80	24	4.20	35	5	Fl. 39.60
HOOGOVENS P	Fl. 40	42	3.30	63	5	6	5.50	Fl. 39.60
KLM C	Fl. 35	165	2.20	31	3	-	-	Fl. 35.10
KLM P	Fl. 35	155	1.80	15	3.50	65	4.70	Fl. 35.10
KNP C	Fl. 127.30	16	7.50	-	-	-	-	Fl. 128.80
KNP P	Fl. 100	10	0.40	-	-	-	-	Fl. 128.80
KNP C	Fl. 140	14	2.30 B	20	5.50	7	8.50 A	Fl. 128.80
KNP P	Fl. 120	20	1.70	24	3.50	-	-	Fl. 128.80
NEDLLOYD C	Fl. 260	128	11.30	21	20.50	-	-	Fl. 250
NEDLLOYD P	Fl. 250	45	21	20	28	-	-	Fl. 250
NAT NED. C	Fl. 60	257	2	55	3	5	4.20	Fl. 58.40
NAT NED. P	Fl. 60	11	4	-	-	-	-	Fl. 58.40
PHILIPS C	Fl. 30	582	1	71	2	47	2.70	Fl. 28.40
PHILIPS P	Fl. 25	110	0.50	32	1	-	-	Fl. 28.40
ROYAL DUTCH C	Fl. 220	622	11.90	276	13	2	15	Fl. 231
ROYAL DUTCH P	Fl. 210	330	2.90	36	6.70	-	-	Fl. 231
ROBECO C	Fl. 90	7	2.10	-	-	-	-	Fl. 88.80
ROBECO P	Fl. 95	180	7	-	-	13	9.50	Fl. 88.80
UNILEVER C	Fl. 110	396	4.70 B	90	7.30	1	10	Fl. 110.40
UNILEVER P	Fl. 100	363	2.40	3	4.50	-	-	Fl. 110.40

TOTAL VOLUME IN CONTRACTS : 19,309

A = Ask B = Bid C = Call P = Put

BASE LENDING RATES

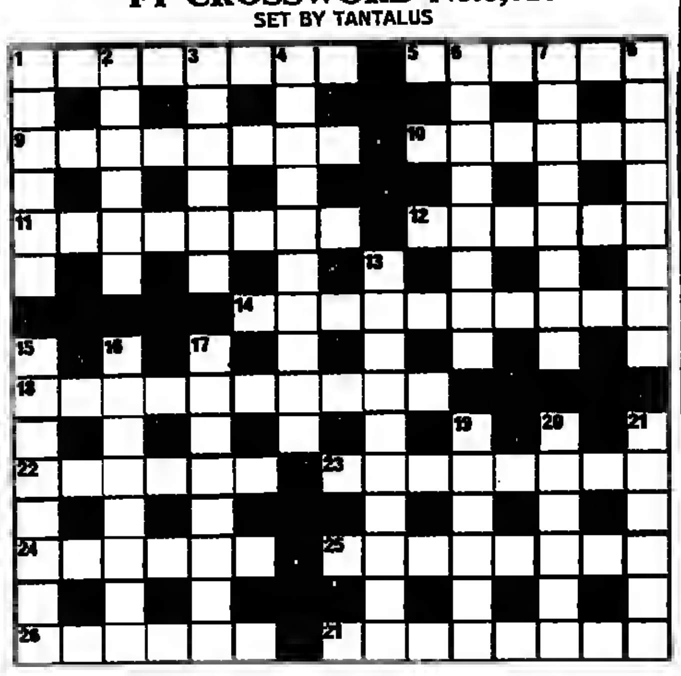
	%		%		%
ABN Bank	8	Citibank NA	8	Nat Bk. of Kuwait	8
Adam & Company	8	City Merchants Bank	8	NatWestminster	8
AAB - Allied Arab Bk	8	Clydesdale Bank	8	Northern Bank Ltd	8
Allied Irish Bank	8	Comm. Bk. N. East	8	Norwich Gen. Trust	8
Henry Ansbacher	8	Co-operative Bank	*8	PK Finans. Int(UK)	9
ANZ Banking Group	8	Cyprus Popular Bk	8	Provincial Bank PLC	9½
Associates Cap Corp	10	Dunbar Bank PLC	8	R. Raphael & Sons	8
Authority Bank	8	Duncan Lawrie	8	Roxburghe G'rantee	9½
B & C Merchant Bank	8	Equatorial Bank plc	8½	Royal Bk of Scotland	8
Banco de Bilbao	8	Exeter Trust Ltd	8½	Royal Trust Bank	8
Bank Hapoalim	8	Financial & Gen. Sec	8	Smith & Williamson Secs.	8
Bank Leumi (UK)	8	First Nat. Sec. Ltd.	9½	Standard Chartered	8
Bank Credit & Comm	8	● Robert Fleming & Co.	8	TSB	8
Bank of Cyprus	8	Robert Fraser & Ptnrs.	9	UDT Mortgage Exp	§9.4
Bank of Ireland	8	Girobank	8	United Bk of Kuwait	8
Bank of India	8	Grindlays Bank	8	United Mizrahi Bank	8
Bank of Scotland	8	● Guinness Mahon	8	Unity Trust Bank Plc	8
Banque Belge Ltd	8	HFC Bank PLC	8	Western Trust	8
Barclays Bank	8	● Hambros Bank	8	Westpac Bank Corp.	8
Benchmark Bank PLC	8	Heritable & Gen Inv Bk	8	Whiteaway Laidlaw	8½
Berliner Bank AG	8	● Hill Samuel	§8	Yorkshire Bank	8
Brit Bk of Mid East	8	C. Hoare & Co.	8		
● Brown Shipley	8	Hongkong & Shangh	8		
Business Mtge Tst	8½	Lloyds Bank	8		
CL Bank Nederland	8	Meghraj Bank Ltd	8		
Central Capital	8	Midland Bank	8		
● Charterhouse Bank	8	Mount Banking Corp.	8		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 3.00%. Mortgage 9.625% - 10%

JOTTER PAD

FT CROSSWORD No.6,616

SET BY TANTALUS



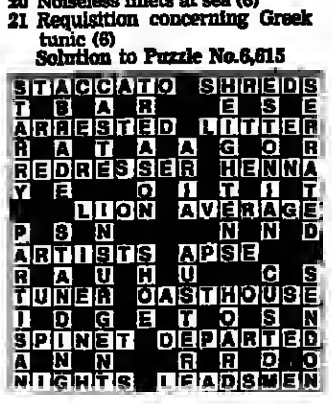
ACROSS

1 Journalist about to drink (8)
5 Talisman given by graduate north of the border? (8)
9 Explosive may end it! (8)
10 Disc jockey in Northern Ireland sees Muslim spirit (6)
11 Is mother after cleaner with personality? (8)
12 View new space by the junction (6)
14 Wild beast for example let this creature appear (4,6)
18 Runs on this at the Oval? (10)
22 Mean to be at home and nurse (6)
23 In a word a maze (8)
24 A heavy stick is a rampart (6)
25 Seeing Indonesian port, man becomes industrious (8)
26 High 4 (6)
27 A French course points to having suffered no defeat (8)

DOWN

1 Initially, regular trained cadet to compose (6)
2 Writer volunteers on 1st December for five years (6)
3 Stay with engineers on German river (6)
4 A time is not arranged for judgment (10)
6 He may be average in marine insurance (8)
7 Satisfied with second list of chapters in a book (8)
8 An' it's — — — rank and follow me (Kipling) (8)
13 One grass gone mad showing hostility (10)
15 Each end (8)
16 Make fresh start after study – what a difference! (8)
17 Intervening period when I meet man unexpectedly (8)
19 Guard river insects (6)
20 Noiseless inlets at sea (6)
21 Requisition concerning Greek tunic (6)

Solution to Puzzle No.6,615



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
Abtrust Management Ltd				
AEtna Unit Trusts Ltd				
Allchurches Inv Mngmt Services Ltd				
Allied Dunbar Unit Trusts PLC				
Anthony Wieler Unit Tst. Mgmt. Ltd				
Arkwright Management				
Asset Unit Trust Mngrs Ltd				
Baillie Gifford & Co Ltd				
Barclays Unicorn Ltd				
Baring Fund Managers Ltd				
Bishopsgate Progressive Mgmt. Co				
Brewin Dolphin Unit Tst Mngrs Ltd				
Bridge Fund Managers				
Brown Shipley & Co Ltd				
Bryant Unit Trust Mgmt Ltd				
Buckmaster Management Co Ltd				
Burrage Unit Trust Mngmt Ltd				

FT UNIT TRUST INFORMATION SERVICE

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	203.6	216.6	+1.5	2.71
UK Smllr Cos Eqty	208.5	221.9	+0.4	2.06
UK Spec Sits	61.7	65.7	+0.3	3.04
Income Plus	53.2	56.6	+0.5	5.16
European	159.0	169.2	+1.0	1.15
Far Eastern	33.0	36.4	–	2.08
Japanese†	57.4	61.1	+0.3	–
North American	100.6	115.6	+0.9	1.55
Intl Growth	100.5	115.5	+0.6	0.92
Worldwide Venture	52.8	56.2	+0.2	2.32

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-556 2341/2/3

Equity Growth Acc	17.62	18.86	+0.06	3.15
Equity Growth Inc	17.44	18.67	+0.06	3.15
Intl Growth Acc	17.08	18.28	+0.08	1.73
Intl Growth Inc	16.99	18.18	+0.04	1.73
Global Income Acc	18.61	19.92	+0.02	5.60
Global Income Inc	18.61	19.92	+0.02	5.60
Market Leaders Acc	16.42	17.58	+0.13	3.55
Market Leaders Inc	16.20	17.34	+0.12	3.55

Scottish Unit Managers
48 Melville Street, Edinburgh EH3 7HF 031-226 4372

Pacific (z)	84.5	89.9	+0.5	0.06
Income	53.2	56.5	+0.2	4.34
European (z)	33.9	36.0	+0.2	1.17
Nth American (z)	27.2	28.9	+0.1	0.79
Intl Growth	437.5	465.5d	+3.5	1.96
Gwth & Recovery	47.1	50.0	+0.1	2.46

Scottish Widows' Fund Management
PO Box 902, Edinburgh EH16 5BU 031-668 9724

Peg Equity Acc	320.6	341.2	+3.2	3.90
Peg Equity Inc	265.9	283.0	+2.7	3.49
Peg High Inc Acc	161.8	172.2	+0.5	4.51
Peg High Inc	149.5	159.1	+0.7	4.51
Peg Europe Acc	113.1	122.5	+1.2	1.64
Peg Europe Inc	113.9	121.2	+1.0	1.64
Peg Nth Amer	84.7	90.2	+1.5	1.65
Peg Nth Amer Inc	83.0	88.4	+1.4	1.63
Peg Pacific Acc	239.3	254.7	+1.7	–
Peg Global Acc	119.4	127.1	+1.1	2.42
Peg Global Inc	116.9	124.4	+0.9	2.42

Sentinel Funds Managment Ltd
30 City Road, London EC1Y 2AY 01-638 6011
Dealing 01-628 6626

Vanguard Trust Managers Ltd – Contd.

Growth	213.9	227.6	+0.7	2.60
(Accum Units)	325.6	345.2	–1.0	2.60
High Yield	268.3	285.4	+0.2	4.90
(Accum Units)	287.8	306.2	+0.2	4.48
Special Sits	43.0	56.4	+0.1	2.48
(Accum Units)	54.7	58.2	+0.1	2.48
Trustee	156.3	166.3	+0.3	4.25
(Accum Units)	253.7	269.9	+0.2	4.25
European Inc	35.9	38.2	+0.2	0.75
(Accum Units)	36.3	38.4	+0.2	0.75

Wardley Unit Trust Managers Ltd (a)
99, Bishopsgate, London EC2P 2LA 01-374 0861

American	49.8	53.2	+0.6	1.5
Intl Growth	60.7	64.5	+0.2	0.4
Income	112.4	120.3	+1.1	5.8
Japan Growth	185.7	198.7	+2.4	0.1
Pacific Perf	116.1	122.9	+1.1	1.4
Small Co's	140.6	150.4	+2.0	1.5
Technology	32.3	34.5	+0.1	0.1
Australia	48.9	52.3	+0.5	1.3
UK Trust	158.5	167.7	+2.2	2.7
European Growth	40.9	43.2	+0.3	0.1
Hong Kong	25.9	27.4	+0.1	2.2
Intl Income	20.1	21.4	+0.5	8.5
S'pore & M'sia Gth	18.3	19.4	–	1.0
British Winners	25.1	26.7	+0.4	4.8

Waverley Asset Management Ltd (a) (c) (g)
13 Charlotte Sq, Edinburgh 031-225 1551

Australasian Gold	18.0	19.1	–	0.2
Pacific Basin	22.4	23.8	–0.1	0.1
Cas Balncd Gwth	45.3	48.1	–	0.0
Global Mar	97.6	103.7	–	0.6
Penny Share	27.5	29.2	+0.2	0.5

Wellington Fund Magrs Ltd
Hibernia Chmbrs, 2, London Bridge, SE1 01-403 5108

Wellington Income	107.5	114.3	–	3.82
Wellington Growth	163.7	174.2	–	1.35

Wessex Asset Management
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432

Wessex UK Gwth	93.2	97.2	+1.1	–

Whittingdale Unit Trust Management Ltd
2 Honey Lane, London EC2V 8BT 01-606 3132

Challenger	33.5	35.6	–	–
Short Dtd Gilt	77.1	78.1	–0.1	–

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	378.4	398.5	.....	–
Eb'r Ph. Eq.	330.4	351.4	.....	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	165.4	174.1	+1.4	–
International Acc.	125.5	132.1	+1.1	–
Property Acc.	128.0	134.7	.....	–
Fixed Interest Acc.	155.4	163.6	-0.3	–
Money Acc.	138.63	145.8	.....	–
Bldg. Soc. Link Acc.	135.6	142.7	.....	–
Special Mngd. Acc. Q	146.6	154.3	+0.8	–
Phoenix/Framlington				
Intnl. Growth Acc.	85.5	90.0	-0.4	–
Amer. & Gen. Acc.	79.0	83.1	+0.8	–
Capital Tst. Acc.	166.6	175.3	+0.2	–
Japan & Gen Acc.	187.8	197.6	+3.3	–
American Turn. Acc.	82.7	87.0	+0.9	–
Recovery Tst. Acc.	166.6	175.3	+0.5	–
Special Mngt. Acc.	140.8	148.2	-1.0	–
Phoenix/GT				
International Acc.	119.7	126.0	+0.3	–
US & General Acc.	84.1	88.5	+0.3	–
Amer. Spec. Sits. Acc.	63.4	66.7	+0.1	–
Japan & General Acc.	188.4	198.3	+3.9	–
Far East & Gen. Acc.	143.8	151.3	+2.4	–
UK Capital Acc.	168.0	176.8	-0.4	–
European Acc.	129.6	136.4	+0.3	–
Special Mngt. Acc.	123.6	130.1	+0.6	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd. N. Waterloo, Liverpool 051-928 6655

Managed Fund	262.3	276.2	.....	–
Man Pens Inc & Cap Fds	334.0	351.6	.....	–
Money Fund	112.1	118.0	.....	–
Pens. Mngd Fd (Init)	81.5	85.8	.....	–
Pens Mngd Fd (Acc)	92.3	97.2	.....	–
Pens FT30 Fd (Init)	126.2	132.9	.....	–
Pens FT30 Fd (Acc)	143.0	150.6	.....	–
Pens O'seas MgFd (Init)	57.4	60.5	.....	–
Pens O'seas MgFd (Acc)	65.0	68.6	.....	–
Pens Fxd Int Fd (Init)	107.4	113.1	.....	–
Pens Fxd Int Fd (Acc)	121.7	128.2	.....	–
Pens Deposit Fd (Init)	101.2	106.6	.....	–
Pens Deposit Fd (Acc)	114.6	120.7	.....	–

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

American	81.0	86.0	-1.0	–
Building Soc. Fd.	160.0	169.0	.....	–
Balanced	233.0	246.0	.....	–
Deposit	160.0	169.0	.....	–

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prubond				
Managed Apr 20	198.3	206.6	.....	–

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	423.9	446.3	+2.5	–
Equity Fd.	839.8	883.0	+1.7	–
Intnl. Fd.	295.9	311.5	-0.3	–
Fixed Int. Fd.	365.1	384.4	-0.1	–
Prop. Fd.	328.1	337.0	.....	–
Cash Fd.	236.3	248.8	.....	–
Pacific Basin Fd.	171.5	180.6	+0.4	–
North American Fd.	121.2	127.6	+1.0	–
European Fd.	120.7	127.1	+0.1	–
Holborn Balanced Gwth Fd.	99.4	104.7	+0.7	–
Holborn Strategic Gwth Fd.	98.3	103.5	+0.6	–

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	462.7	487.1	+3.1	–
Equity	651.7	686.0	+6.4	–
Global Equity	195.7	206.0	+2.2	–
Fixed Interest	376.9	396.8	-0.8	–
Property	314.7	331.3	.....	–
Cash	139.4	146.8	.....	–
Index Linked Gilt	165.5	174.3	+0.7	–
Guaranteed	7.92		.....	–
International Money	182.2	191.8	+0.1	–
North American Fd.	94.7	37.6	-0.4	–
Japanese Fund	124.4	131.0	+0.5	–
European Fund	65.7	69.2	+0.2	–
Special Situations Fd.	93.1	98.1	+1.6	–
Communications Fund	78.4	82.6	+0.5	–
Smaller Cos Fund	94.3	99.5	+0.3	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Apr 20	£123.96	127.45	.....	–
Equity Fund Apr 20	£133.78	137.80	.....	–
Intnl Fund Apr 20	£20.13	20.78	.....	–
Int Bond Fd Apr 20	£10.06	10.20	.....	–
Fixed Int Apr 20	£69.41	70.29	.....	–
Index Linked Apr 20	£52.92	53.57	.....	–
Property Fund Apr 20	£81.88	86.35	.....	–
Cash Fund Apr 20	£18.4629	18.4629	.....	–
Pru-Linked Retirement Plan				
Managed Fd Apr 20	312.2	325.3	.....	–
Cash Fund Apr 20	174.9	182.2	.....	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
[illegible]	99[illegible]	Treas 9¾pc Cv '88	100[illegible]	......	9.74	8.15
99[illegible]	98[illegible]	Transport 3pc '78-88	99[illegible]	......	3.02	6.16
[illegible]	99[illegible]	Treas. 9½pc '88	100[illegible]	–[illegible]	9.46	8.48
[illegible]	101[illegible]	Treas 11½pc 1989	102[illegible]	......	11.26	8.66
101[illegible]	99[illegible]	Treas 9½pc Cnv 1989	100[illegible]	+[illegible]	9.43	8.68
97[illegible]	95[illegible]	Treas 3pc 1989	96[illegible]	+[illegible]	3.10	6.12
[illegible]	100[illegible]	Treas 10½pc 1989	101[illegible]	......	10.33	8.89
[illegible]	100[illegible]	Exch 10pc 1989	101[illegible]	–[illegible]	9.88	8.92
[illegible]	101[illegible]	Exch 11pc 1989	102[illegible]	–[illegible]	10.72	9.93
97[illegible]	95[illegible]	Treas 5pc 1986-89	96[illegible]	+[illegible]	5.17	7.31
[illegible]	101[illegible]	Exch 10¼pc Cv '89	103[illegible]	+[illegible]	9.95	8.14
[illegible]	105[illegible]	Treas 13pc 1990‡‡	106[illegible]	+[illegible]	12.23	8.90
[illegible]	102[illegible]	Exch 11pc 1990‡‡	103[illegible]	+[illegible]	10.06	8.98
107[illegible]	[illegible]	[illegible] 12½pc 1990	10[illegible]	+[illegible]	11.80	9.00
93[illegible]	91[illegible]	[illegible] 3pc 1990	93[illegible]	......	3.22	6.64
99[illegible]	[illegible]	[illegible] 8¼pc 1987-90‡‡	99[illegible]	+[illegible]	8.32	8.69
[illegible]	[illegible]	[illegible] 8pc Cv 1990	100[illegible]	+[illegible]	8.00	7.97
103	[illegible]	[illegible] 10pc Cv 1990	102[illegible]	+[illegible]	9.80	9.05
91[illegible]	[illegible]	[illegible] 2½pc 1990	90[illegible]	+[illegible]	2.76	6.46
[illegible]	[illegible]	[illegible] 11¾pc 1991	106[illegible]	+[illegible]	11.06	9.07
[illegible]	92[illegible]	[illegible] 5¾pc '87-91‡‡	94[illegible]	[illegible]	6.0[illegible]	7.8[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS – Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
28¾	23¼	TRW Inc. 62½c	23⅞	–⅛	$1.[illegible]	–	3.7
25⅞	21¼	Tenneco $5	23[illegible]	+¼	$3.[illegible]	–	7.2
26[illegible]	19[illegible]	Texaco $6.25	25¾	+⅛	$3.[illegible]	–	6.4
52[illegible]	43¼	Time Inc. $1	46⅝	+⅞	$1.[illegible]	–	1.2
20⅞	15⅞	Transamerica $1	17¼	–⅛	[illegible]	–	5.8
10⅛	754p	Transworld Corp $5	932p	+9	[illegible]	–	1.2
20⅛	15	TRINOVA Corp	16⅞	+⅛	[illegible]	–	1.9
19	15⅛	USX $1	17¼	+⅞	[illegible]	–	3.8
23	17⅞	Utd. Technologies	20[illegible]	+⅛	[illegible]	–	4.2
31⅛	26¼	US West	29	+⅛	[illegible]	–	6.9
21¼	16⅞	Waste Management $1	18⅞	+⅛	[illegible]	–	1.0
16¼	12⅞	Whirlpool $1	13¼		[illegible]	–	–
30¼	18¼	Woolworth $3½	30	+¼	$1.[illegible]	–	3.0

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	190p	AGM Gold Corp	211p		–	–	–
[illegible]	13p	Abbot Energy Corp	19p		–	–	–
[illegible]	990p	Amer. Barrick Res	11	–⅛	–	–	–
[illegible]	3½p	American Lightwave	[illegible]		–	–	–
[illegible]	21¼p	Armenio	25p		–	–	–
[illegible]	48p	Augmitto Expln	52p		–	–	–
12[illegible]	10¼	Bk. Montreal	11⅞	–⅛	$2.00	–	7.8
[illegible]	528p	Bk. Nova Scot	545p		[illegible]	–	6.2
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd

1988 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
£22¾	£17¾	Travelers $1.25	[illegible]	−⅛	$2.40	—	7.0	—
£19¼	£15¼	USF & G Corp $2.50	[illegible]	+⅛	Q$2.64	—	8.7	—
£20½	£15¼	USLIFE Corp. $2.0	[illegible]	−⅛	Q$1.28	3.2	3.6	8.7
560	495	Utd Friendly B 10p	[illegible]	+10	25.0	—	6.2	—
247	202	Willis Faber 12½p	220	+3	11.4	1.4	6.7	11.7
75	52	Windsor Secs. 10p	56	−2	0.3	♦	1.9	♦

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING—Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

135	89	Medirace 10p	120	−1	—	—	—	—
38	16	Norton Group 5p	22		—	—	—	—
59	36	Oroca Gold IR 2p	56	−1	—	—	—	—
50	33	Propeller 1p	45		—	—	—	♦
31	13	Publishing Hldgs. 5p	15		—	—	—	9.0
80	70	Seacon Hldgs.	70		—	—	—	♦
27	18	Stats Hldgs. 5p	22		—	—	—	56.3
[illegible]	3	Swanyard Studios 1p	3		—	—	—	17.1
[illegible]	200	Takare	[illegible]		b1.0	8.1	0.5	25.7
[illegible]	41	Theme Holdings	[illegible]		1.1	♦	3.2	♦
[illegible]	26	Tomorrows Leisure 20p	[illegible]	+2	—	—	—	11.2
[illegible]	0	Tullow Oil 10p	[illegible]	+1	—	—	—	—
[illegible]	120	UPL Group 10p	[illegible]		L2.41	2.8	2.6	18.3
[illegible]	120	Unit Group	[illegible]	−2	R4.6	2.5	4.4	10.0
[illegible]	85	Video Tape Recording 5p	[illegible]		L2.3	2.3	3.3	13.2

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ☼ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	69		
Craig & Rose £1 γ	480		
Finlay Pkg. 5p γ	79		
Holt (Jos) 25p γ	£11½		

IRISH

Fund 11¾% 1998	£100¼	
Nat. 9¾% 84/89	£101	
Fin. 13% 97/02	£118¾	
Arnotts γ	298	
CPI Hldgs. γ	80	
Carrol Inds. γ	150	−2
Hall (R. & H.)	115	+4½
Helton Hldgs. γ	40	
Irish Ropes γ	125	
Unidare γ	350	

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp.	45
BSR	10
BTR	28
Barclays	48
Beecham	46
Blue Circle	42
Boots	26
Bowaters	38
Brit Aerospace	35
Brit. Telecom	22
Burton Ord.	24
Cadburys	26
Charter Cons.	32
Comm Union	35
Courtaulds	34
FKI Babcock	14
FNFC	25
Gen Accident	85
GEC	15
Glaxo	118
Grand Met	42
GUS 'A'	118
Guardian	87
GKN	38
Hanson	14
Hawker Sidd	48
ICI	100
Jaguar	35
Ladbroke	38
Legal & Gen.	38
Lex Service	35
Lloyds Bank	28
Lucas Inds.	62
Marks & Spencer	28
Midland Bk.	55
Morgan Grenfell	35
NEI	10
Nat West Bk.	68
P & O Dfd.	52
Plessey	16
Polly Peck	92
Racal Elect.	22
RHM	35
Rank Org Ord.	68
Reed Intnl.	45
STC	25
Sears	14
TI	35
TSB	12
Tesco	16
Thorn EMI	60
Trust Houses	22
T&N	28
Unilever	50
Vickers	18
Wellcome	42
Property	
Brit Land	28
Land Securities	48
MEPC	48
Peachey	48
Oils	
Brit Petroleum	25
Britoil	58
Burmah Oil	45
Charterhall	6
Premier	8
Shell	110
Tricentrol	18
Ultramar	24
Mines	
Cons Gold	100
Lonrho	29
RTZ	38

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £940 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Apl 11	Apl 21	Apl 22	May 3
Apl 25	May 5	May 6	May 16
May 9	May 19	May 20	May 31

*New time dealings may take place from 9.00 am two business days earlier.

£2.1bn Swiss bid for Rowntree triggers speculative excitement in equity sector

THE TAKEOVER offer worth £2.1bn from Nestlé of Switzerland for Rowntree Mackintosh, the UK chocolate and food manufacturer, touched off an extraordinary burst of speculative fever in the London stock market yesterday.

With the market savouring the prospects of the reinvestment of the Rowntree acquisition cash, the FT-SE 100 Index pushed through the 1800 barrier once more, closing 23.2 up at 1800.8. However, turnover remained selective, and the Seaq volume total of 428m shares included substantial contributions from the speculative stocks.

The Nestlé bid set UK food shares ablaze and takeover fever soon spread to the rest of the market, bringing a number of the Alpha and other leading stocks into the bid frame.

At tha close, rumours of a dawn raid on Courtaulds this morning, perhaps by Hoechst of Germany or Du Pont of the US, pushed shares in the textile leader up 32 to 384p. Unilever, despite its size and European status, rose sharply as the market cast an eye over its valuable consumer brand names.

The speculators, sensing a major multi-national contest for control of Rowntree, drove the chocolate maker's stock well above Nestle's 890p a share terms. Spurred on by the announcement by Jacobs Suchard, the Swiss group which paid 630p per share to increase its stake to 14.9 per cent in the UK chocolate firm, that it was not ruling out the possibility of counter-bidding, Rowntree closed 176 higher at 928p on turnover of 26m shares.

Speculators in food stocks also bought heavily into Cadbury Schweppes on hopes of a move by General Cinema of the US, which holds 18 per cent of Cadbury's equity.

The wider economic scene was somewhat overlooked in the equity market, but London benefited from the firm start on Wall Street which followed announcement of a 2.4 per cent gain in US Gross National Product in the first quarter of the year.

The stock market took a neutral attitude towards the latest quarterly survey of industrial opinion by the Confederation of British Industries, which indicated plans for increased investment but some discomfort in British boardrooms over the strength of sterling.

The firmness in the pound towards the end of the session had little effect on the international stocks. Many of the big names were left out of the market, but there was a good US demand for the ADRs of ICI, which reports quarterly trading figures tomorrow.

Government bonds ended little changed from overnight, after shedding the small gains marked earlier in the session. Traders said there was a good two-way trade, with prices responding at first to the firmer trend in US Treasuries.

The bond sector remained cautious towards the prospects for the pound and domestic interest rates. With some analysts warning that sterling could be overvalued, attention is focussed on this Friday's announcement of the UK trade figures for March.

Food Manufacturing issues held centre stage following the bid by Nastle for Rowntree. "Every man and his dog has to be represented in the sector" was the quote of one marketmaker. Cadbury Schweppes, under scrutiny as a bid stock for some time since General Cinema of the US accumalated a stake of around 18 per cent in the company, were the first to respond to the Rowntree bid news, turnover expanding sharply to some 25m shares as the price soared 36 to 331p; some of the business represented a straight switch out of Rowntree into Cadbury on the feeling that the latter is the next stock in the sector to attract an outright bid.

United Biscuits, a long-standing takeover target, were also in demand and gained 22 to 289p on turnover of 7.9m, while Ranks Hovis McDougall, in which Goodman Fielder of Australia have a significant presence and are free to make an outright offer for the company, rose 9 to 358p. Other bid chestnuts to benefit from the Rowntree developments included Dalgety, 10 higher at 297p, S. & W. Berisford, 11 up at 365p and Northern Foods, 9 to the good at 274p. Lesser-known confectionery stocks such as Jamesons Chocolates and Bassett were also bought on takeover hopes, the former rising 12 to 225p and the latter gaining 8 to 231p.

The RTZ sale and subsequent Press comment triggered further strong support for LASMO and Enterprise – one leading securities house was talking of imminent takeover developments here – and LASMO raced up 4 to 372p with Enterprise finally 10½ higher at 390½p.

BP and Shell were given a major boost by the excellent first quarter figures from Mobil and Exxon. BP old added 6 to 275p and the new 3 to 77½p. Shell leapt 15 to 1065p.

FR Group's annual profits of £22.1m exceeded last year's total by 32 per cent but fell short of the more optimistic market estimates because of an expansion in research and development expenditure. At the ensuing meeting with analysts the company was said to be somewhat reticent about detail and the impression was formed that further growth may be limited and the current year one of consolidation at best.

Hopes were also deferred of possible major business from the US KC135 tanker programme, which appears to have been delayed, and the shares subsequently weakened. The close was the session's lowest, down 27 at 252p.

An extremely bullish note on the banks issued by the Citicorp Scrimgeour Vickers banks team headed by Tim Clarke, triggered widespread support for the sector ahead of Barclays going ex the rights issue on Friday.

Citicorp says "the fallout from the LDC horror still depresses the sector which we feel is now well placed to provide the stock market miracle of the decade. Contested bid battles for banks are rife all over the world and should soon spill over into the UK and power a re-rating of the sector".

Barclays added 4 to 438p ahead of the agm and egm. Lloyds, top of Citicorp's buy list, rose 4 to 274p, Midland 3 to 384p and NatWest 5 to 535p.

TSB, also powered by strong support from the Citicorp team, edged up 2 to 102p. Bank of Ireland, quoted ex-rights, were 14 off at 193p with the new finally 59p premium, having opened at 45p premium.

Life assurances continued to benefit from takeover speculation and Sun Life, where stories of a market raid and eventual bid from 25.7 per cent shareholder TransAmerica were rife last week, added 10 at 1115p after strong buying interest via the inter dealer broking screens.

Dagenham Motor made a successful market debut, the shares touching 120p prior to closing at 186p compared with a placing price of 110p. Moorfield Estates settled at 126p against a placing price of 120p.

Revived institutional buying gave Bass a late boost, the shares rising 11 to 845p, while Allied-Lyons traded briskly throughout to close 4 better at 403p after turnover of 3.2m shares. Other Brewery majors could do no more than improve in limited volume. Among regional issues, Buckley's fell 6 further to 157p.

Tarmac responded to satisfactory preliminary figures and a positive meeting with analysts to close 5 higher at 250p on turnover of 6.2m. Elsewhere, George Wimpey recovered a small early loss to end 4 dearer on balance at 289p following revived speculative buying. BPB Industries were also in demand towards the close and finished 5 higher at 290p.

ICI, rated by several securities houses as an undervalued stock assuming sterling is held in check, rose 17 to 992p awaiting tomorrow's first-quarter results. Foseco were favoured ahead of today's preliminary statement and closed 2 higher at 240p, while Rentokil moved up 8 to 191p.

Stores issues "were left in the background" dealers said, but included a handful of minor features. Etam, which recently announced preliminary results up 45 per cent at £17.9m and drew numerous "buy" recommendations from leading brokers, added 4 at 285p following aggressive buying via the inter dealer broker screens.

Lloyds Chemists, a strong takeover favourite since Woolworths began their assault on the drug stores business, edged up 3 more to 116p.

The top stores issues attracted persistent but generallyminor support – "its all going off in the foods and we're suffering " traders said.

Ratners edged up to 263p first thing as the preliminary figures – profits up 132 per cent and earnings per share up 43 per cent – matched best expectations. But the US acquisition of Ostermans for $60m plus and convertible issue took some of the shine off the shares which then dipped back to close 5 easier on balance at 258p, despite analysts' coming away satisfied from the post-results meeting.

Burton edged higher and settled 4 up at 248p while Next hardaned 3 to 267p. Storehouse remained under persistent light selling which lowered the stock 6 more to 273p.

Racal again topped the turnover list in the heavily-traded leading electronics with 5.4m shares changing hands. The shares settled 2 firmer at 240p having dipped as low as 237p during the session, despite bouts of strong buying interest and talk that the recent flurry of heavy support in both the stock market and traded options market could have represented stake-building moves.

Bid speculation revived in Thorn EMI, up 5 at 614p, while British Telecom were actively traded (4.6m) and the shares eased slightly to 246p. Cable & Wireless were given a major fillip by stories that the Hong Kong Government is about to further reduce its stake in Hong Kong Telecommunications, and rose 7 to 324p on turnover of 3.3m.

Among second liners Volex jumped 22 to 347p on talk that the group could well be a target for RTZ, while Micro Focus raced up 16 to 158p ahead of the preliminary figures tomorrow. Sintrom added 5 more at 97p on the proposed acquisition.

Apart from the occasional burst of speculative activity, the Engineering sector remained a relative backwater. Rolls-Royce, which is expected to benefit from the full-scale development of the European Fighter Aircraft project, continued to claim considerable attention (some 4.7m shares traded) settled a shade easier on the day at 114p. Among the speculative issues, Birmingham Mint advanced 6 to 192p, while Camford closed 5 to the good at 166p. But Delta Group, a good market for some time in the wake of RTZ takeover suggestions ran into occasional profit-taking and eased back to close 7½ cheaper at 320½p.

The Rowntree developments, which illustrated the current premium being put on well known branded products, particularly in view of the prospect of European economic union in 1992, drew investors attentions to companies such as Reckitt and Colman, up 33 at 861p. Unilever, partly reflecting the fact that it had been mooted as a possible bidder for Rowntree, were also noteworthy for a rise of 20 at 468p in a volume of some 3.3m shares. Smith and Nephew (5.3m shares trade) ended 1½ dearer at 127½p.

Pilkington were caught up in the general round of takeover fever, moving ahead in a volume of some 5.5m shares to close 11 to the good at 219p. Marketmakers, however, pointed out that the shares have been overlooked for some time. English China Clays advanced 14 to 419p as speculators put the group forward as a possible bid candiate for RTZ. Avon Rubber also stood out with a jump of 30 to 728p.

BET came to life with a rise of 12 to 244p following news that the commpany is putting its publishing business, Argus Press, up for sale. The Argus group comprises UK business and consumer magazines and local newspapers in the London and Thames Valley areas. A leading analyst stated yesterday that he expects the proposed sale to reduce the group's borrowing to nil which should enhance short-term earnings. Some 2.2m BET shares changed hands.

Favourable trading statements left Plumb Holdings 15 dearer at 285p, Cosalt 9 higher at 173p, and Triefus, 4 to the good at 96p. Acquisition news prompted a rise of 4 to 68p in MY Holdings.

Lex Service spurted to a 1988 best of 376p, up 10, following a visit from Kleinwort Grieveson while Dowty, 191p, and Perry Group, 231p, hardened on respective recommendations from County NatWest WoodMac and Citicorp Scrimgeour Vickers. Kwik-Fit recovered from the Ford challenge to "fast-fit" service chains, regaining 6 to 199p.

WCRS bounded higher following details of the acquisition of a 50 per cent interest in SGGMD, Europe's leading independent media buying group, for an initial consideration of £64.4m. Activity expanded as the shares moved higher and the close was 15 up at 256p. Yellowhammer rose 6 more to 176p, while renewed speculative interest encouraged a sharp advance in Olives Paper Mill of 27 to 189p. Filofax gained 6 to 151p but Musterlin, 113p, were unaffected by the £2.25m issue of Preference stock.

West Trust, the textile manufacturer, were re-introduced as a new company and both classes of shares fluctuated noticeably. Indications of the likely opening level proved wide of the mark and the old shares raced from 25p to touch 47p before settling at 38p; the nil-paid ended at 33p premium. Other Textile issues to progress included Atkins Bros., up 15 further at 265p, and Munton Bros. which improved 4 to 54p.

Traded Option activity expanded once again, the total number of contracts rising to 30,986 comprising 20,037 calls and 10,949 puts. The FTSE contract attracted 1,513 calls and 1,771 puts with interest centred on April puts and calls. Cadbury Schweppes contracts were active following Nestles' bid for fellow confectionery group Rowntree. Cadhury registered 4,551 calls and 686 puts, the most popular series being the May and August 300s.

Traditional Options

- First dealings Apr 18
- Last dealings Apr 29
- Last declarations July 24
- For Settlement July 25

For rate indications see end of London Share Service

Interest tended to fade in the Traditional option market yesterday. Money was given for the call of Helical Bar, Kwik Save, Camford, RHP, Hard Rock, GM Firth, Time Products, Blacks Leisure, African Lakes, Charterhall, De Beers and BOM Holdings. No put options were reported but double options were arranged in Helical Bar and Adwest.

FINANCIAL TIMES STOCK INDICES

	Apr. 26	Apr. 25	Apr. 22	Apr. 21	Apr. 20	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	89.99	89.89	90.26	91.01	91.09	91.56	91.43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.78	97.30	97.75	97.92	97.90	96.35	98.32 (19/4)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ¶	1431.3	1415.3	1411.6	1423.4	1419.4	1589.4	1478.7 (4/3)	1349.8 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	207.1	207.1	205.7	208.6	216.4	440.1	312.5 (7/1)	205.7 (22/4)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.55	4.61	4.62	4.58	4.59	3.66				
Earnings Yld. % (full)	11.79	11.96	11.96	11.86	11.91	8.43				
P/E Ratio (net)(*)	10.38	10.23	10.22	10.31	10.27	14.68				
SEAQ Bargains (5pm)	26,839	25,366	29,201	21,815	22,769	37,883				
Equity Turnover (£m)	-	808.57	1089.61	1083.2	1082.69	1912.51				
Equity Bargains	-	27,297	30,168	25,490	23,536	45,925				
Shares Traded (m)	-	322.5	492.7	408.6	404.9	558.7				

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1413.3	1423.0	1418.4	1421.9	1422.3	1422.1	1422.7	1428.5

Day's High 1432.4 Day's low 1413.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.26.

S.E ACTIVITY

Indices	Apr.25	Apr.22
Gilt Edged Bargains	147.3	140.4
Equity Bargains	176.9	195.5
Equity Value	1634.3	2202.4
5-Day average		
Gilt Edged Bargains	142.3	143.4
Equity Bargains	169.5	168.2
Equity Value	2037.5	2103.9

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (89).

CANADIANS (2) BREWERS (2) BUILDINGS (9) CHEMICALS (1) STORES (2) ELECTRICALS (8) ENGINEERING (3) FOODS (4) INDUSTRIALS (20) INSURANCE (2) LEISURE (4) MOTORS (2) PAPERS (2) PROPERTY (3) TEXTILES (4) TRUSTS (14) OILS (2) OVERSEAS TRADERS (1) MINES (2).

NEW LOWS (10).

AMERICANS (1) Allegheny & West, BREWERS (1) Buckley's Brewery, STORES (1) Owen & Robinson, ELECTRICALS (3) Microsystems, Orchid Tech., Systems Designers, INDUSTRIALS (6) Computer People, Elgin Grp., McLeod Russell, Ropner, Do. 'A' B.E.P. Indl., MOTORS (1) FR Group, NEWSPAPERS (1) Accord Publ., TEXTILES (1) Coats Viyella, OILS (1) Adelaide Pet., MINES (2) Randfontein, Kinross, Southvaal, THIRD MARKET (1) Crown Eyeglass.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	4,400	General Accident	187	Prudential	320
Allied-Lyons	3,200	General Elect.	2,600	Racal	5,000
Amstrad	452	Glaxo	1,500	Rank Org.	534
Argyll Group	749	Globe Investment	194	RMC	135
Assoc. Brit. Foods	558	Granada	1,100	RHM	3,300
BAA	10,000	Grand Met	1,300	Reckitt & Colman	1,500
BAT	1,300	GUS "A"	255	Redland	361
BET	2,200	Guardian R.E.	136	Reed Intl.	556
BICC	23	GKN	1,100	Reuters "B"	937
BOC	1,200	Guinness	903	RTZ	2,800
BPB Inds	2,500	Hammerson	253	Rolls-Royce	4,700
BTR	929	Hanson	2,600	Rothmans "B"	1,200
Barclays	3,100	Hawker Siddeley	210	Rowntree	25,000
Bass	598	Hillsdown Holdings	1,000	Ryl Bank Scotland	85
Beecham	2,100	IMI	193	Royal Insurance	1,400
Blue Arrow	9,800	ICI	1,600	STC	277
Blue Circle	1,400	Jaguar	333	Saatchi & Saatchi	610
Boots	1,300	Ladbroke	455	Sainsbury	977
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	92	10	11
Corporations, Dominion and Foreign Bonds	7	26	19
Industrials	520	265	765
Financial and Properties	189	77	375
Oils	30	15	63
Plantations	1	0	12
Mines	51	36	108
Others	38	49	101
Totals	988	478	1,454

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

[illegible]	[illegible]

FIXED INTEREST

[illegible]	[illegible]

LONDON TRADED OPTIONS

[illegible]	[illegible]

LONDON RECENT ISSUES

EQUITIES

[illegible]	[illegible]

FIXED INTEREST STOCKS

[illegible]	[illegible]

"RIGHTS" OFFERS

[illegible]	[illegible]

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · SINGAPORE

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
Closing prices April 26

[illegible]

MONTREAL
Closing prices April 26

[illegible]

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 49

[illegible]

INDICES

NEW YORK — DOW JONES

	Apr. 25	Apr. 22	Apr. 21	Apr. 20	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2037.3	2015.09	1987.40	1985.41	2110.08 (12/4)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.0	88.87	88.68	88.72	91.25 (3/3)	86.12 (4/1)	–	–
Transport	853.2	847.67	830.50	827.36	904.12 (23/3)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	170.16	169.87	167.67	167.26	190.02 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2047.75 (2029.01) Low 2011.60 (1985.58)

STANDARD AND POOR'S	Apr. 25	Apr. 22	Apr. 21	Apr. 20	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite †	262.46	260.14	256.42	256.12	271.55 (13/4)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	305.83	302.92	298.66	298.33	316.53 (13/4)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	22.27	22.21	21.86	21.88	24.04 (3/3)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	148.21	147.03	145.24	145.13	153.20 (13/4)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	298.95	298.03	296.71	297.72	306.59 (12/4)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	375.27	374.04	373.20	374.24	383.41 (13/4)	331.97 (12/1)	455.26 (26/8/87)	54.87 (31/10/72)

	Apr. 22	Apr. 6	Apr. 1	year ago (approx.)
Dow Industrial Div. Yield	3.47	3.35	3.35	2.99

	Apr. 20	Apr. 13	Apr. 6	year ago (approx.)
S & P Industrial div. yield	3.15	2.90	2.96	2.47
S & P P/E ratio	14.70	15.60	15.21	22.12

TRADING ACTIVITY — † Volume

Millions	Apr. 25	Apr. 22	Apr. 21
New York	157.708	152.520	169.131
Amex	8.230	7.180	8.400
OTC	105.112	124.364	142.428

NEW YORK	Apr. 25	Apr. 22	Apr. 21
Issues Traded	1,999	1,979	1,970
Rises	932	960	676
Falls	584	532	798
Unchanged	483	487	496
New Highs	17	15	12
New Lows	12	16	15

CANADA — TORONTO

	Apr. 25	Apr. 22	Apr. 21	Apr. 20	1988 High	1988 Low
Metals & Minerals	2826.3	2818.6	2802.1	2827.8	2877.5 (19/4)	2238.7 (8/2)
Composite	3336.1	3333.0	3329.7	3345.4	3402.4 (12/4)	2977.9 (8/2)
MONTREAL Portfolio	1640.93	1634.11	1627.60	1635.04	1681.54 (12/4)	1305.06 (27/1)

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Southern	8,856,000	22⅞	+ ⅛
Cincinnati Gas	7,349,100	25⅞	+ ⅛
Am T & T	3,180,700	27⅛	+ ⅞
Pinnacle	2,300,400	26⅛	– ⅛
Ford Motor	1,905,700	47⅞	+ 1⅛
Mid Sth Util	1,474,800	9⅛	—
Exxon	1,365,900	44⅝	+ ⅛
Teco Energy wi	1,309,300	21⅛	– ⅛
Cincorp xd	1,244,800	20⅛	– ⅛
Texaco	1,223,900	48½	+ ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. (c) Closed. (u) Unavailable.

	Apr 26	Apr 25	Apr 22	Apr 21	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1441.2	(c)	1456.6	1438.9	1467.6 (14/4)	1170.7 (10/2)
All Mining (1/1/80)	692.7	(c)	699.6	698.7	773.6 (14/1)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	176.56	175.55	173.47	173.14	178.92 (21/3)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/84)	4656.4	4667.5	4661.0	4670.8	5043.1 (9/3)	3608.35 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	195.97	(u)	195.29	194.43	200.07 (11/4)	180.68 (4/1)
FINLAND						
Unitas General (1975)	657.0	653.6	650.6	647.4	657.6 (26/4)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	307.9	308.0	308.0	301.5	308.6 (22/4)	251.3 (29/1)
Ind. Tendance (31/12/87)	111.5	109.2	111.8	109.0	112.3 (25/2)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	446.68	451.77	452.45	452.62	476.37 (18/3)	396.40 (29/1)
Commerzbank (1/12/53)	1361.1	1376.9	1377.4	1378.5	1457.5 (18/3)	1207.9 (29/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2585.97	2623.75	2591.35	2552.71	2684.13 (14/4)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	508.36	(c)	505.97	508.95	545.07 (18/3)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	27246.77	27213.48	26837.12	26828.16	27246.77 (26/4)	21217.04 (4/1)
Tokyo SE New (4/1/68)	2176.38	2175.77	2152.50	2152.93	2193.95 (14/4)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	246.9	246.3	245.6	246.8	280.3 (24/2)	208.7 (4/1)
ANP-CBS Industrial (1970)	204.8	204.6	203.5	204.6	211.7 (14/4)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	403.90	398.04	394.30	389.35	412.04 (11/4)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	956.40	959.60	955.70	944.40	989.40 (21/3)	833.60 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1193.0	1191.0	1186.0	1215.0	1790.0 (7/1)	1186.0 (22/4)
JSE Industrial (28/9/78)	1488.0	1496.0	1496.0	1512.0	1564.0 (11/1)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	272.32	273.50	271.37	269.75	281.14 (14/4)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	2767.5	2745.4	2720.3	2717.1	2838.7 (14/4)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	514.8	511.6	513.5	516.6	539.5 (18/3)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	457.7	453.9	453.9	463.4 (13/4)	401.0 (21/1)

**Saturday April 23: Japan Nikkei 27,058.37. TSE 2166.99

§ Subject to official recalculation

Base values of all indices are 100 except Brussels SE – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Metals – 500; (c) Closed. (u) Unavailable.

CHIEF LONDON PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES

AMS Inds.	54	+ 8
Atkins Bros.	265	+ 15
Avon Rubber	728	+ 30
Cable & Wireless	324	+ 7
Cadbury Schweppes	331	+ 36
Courtaulds	384	+ 32
Dalgety	297	+ 10
Eng. China Clays	419	+ 14
ICI	992	+ 17
Lex Service	376	+ 10
Micro Focus	158	+ 16
Northern Foods	274	+ 9
Olives Paper Mill	180	+ 27
Pilkington	219	+ 11
Reckitt & Colman	861	+ 33
Rowntree	928	+ 176
Unilever	468	+ 20
United Biscuits	289	+ 22
Volex	347	+ 22
WCRS	256	+ 15

FALLS

Argyle Trust	102	– 7
FR Group	252	– 27

TOKYO – Most Active Stocks
Tuesday, April 26, 1988

	Stocks Traded	Closing Prices	Change on day
Toshiba	82.28m	852	-10
Nippon Steel	31.20m	47000	-7
Nissan Motor	29.06m	995	-5
Nippon Yusen	25.75m	647	+11
Nippon Kokan	25.61m	394	-3
Mitsubishi Electric	23.63m	750	-16
Mitsubishi Heavy Industries	21.78m	725	-11
Kobe Steel	17.56m	340	-6
Mitsui Toatsu	15.36m	852	-4
Aoki Construction	12.58m	1,050	+50

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	1.5	20	218	24¼	23¾	24⅛	+¾
27	10½	AGS s			14	264	17¾	17⅜	17¾	+¼
10½	4⅝	AMCA				41	5½	5⅛	5⅛	
8⅝	3¼	AM Intl				1148	3⅝	3⅝	3⅝	−⅛
85½	28¾	AMR			11	2448	43⅞	43	43½	−⅛
12¼	6⅝	ARX			9	104	8⅞	8⅝	8⅝	−⅛
72⅞	40⅛	ASA	3	6.6		659	45⅝	44⅝	45⅝	+¾
22⅝	9½	AVX			13	285	17⅝	17¼	17⅛	+¼
68⅝	40	AbtLab 1.20		2.5	17	3818	48⅝	47⅛	48¼	+⅞
28	15⅝	Abitibi g	1			110	18⅛	17⅞	18	
18¾	8½	AcmeC	.40	3.3		1210	12	11⅝	12	+¼
10½	6¾	AcmeE .32b		4.8	18	25	6⅞	d	6⅝	6⅝
20	14⅛	AdaEx 3.05e		19.		54	15⅝	15½	15⅝	+¼
19	8⅞	AdamMl .24		1.3	15	624	u19¼	18½	18⅞	+¼
24⅞	7½	AMD				7993	13⅞	13½	13¾	+¼
56¾	29¼	AMD pf	3	7.8		77	38½	38¼	38¼	+¼
11⅛	4⅝	Adobe			12	146	7¾	7⅝	7⅝	−⅛
20¼	16¼	Adob pf 1.84		10.		4	18	17⅞	18	
27¾	17½	Adob pf 2.40		11.		10	21	21	21	
15	6⅛	Advest .12a		1.7	7	76	7¼	7⅛	7⅛	
64¼	42⅝	AetnLf 2.76		6.4	8	4348	43⅞	42⅝	43⅝	+¾
63½	41	AflPub .40		.7	33	289	58⅝	57¾	58	
23¾	13	Ahmans .88		8.3	7	1452	14⅛	13⅞	13⅞	−⅛
4⅞	1¾	Aileen				241	3⅝	3⅝	3⅛	
53⅞	29	AirPrd	1	2.1	13	1842	47⅞	46⅝	47¼	+⅝
38	11⅛	AirbFrt .60		3.4	26	461	17⅜	16⅝	17⅝	+1¼
16½	6¾	Airgas			17	38	12⅞	12⅝	12⅞	

Continued on Page 49

NYSE COMPOSITE CLOSING PRICES

Continued from Page 48

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22¾	17¼	PSvCol	2	9.4	9	684	21½	21½	21⅝	+¼
77	66½	PSCol pf7.15		10.		z1000	71⅝	71½	71⅝	+⅝
23¾	19¼	PSCol pf2.10		9.4		7	22¼	22	22¼	
17½	11¼	PSInd			6	1136	13½	13¼	13¼	−⅛
7¼	2¼	vjPSNH				420	3½	3⅜	3½	+⅜
16	6¼	vjPNH pfB				6	6½	5⅞	5⅞	−⅛
24½	5⅞	vjPNH pfC				29	8	8	6	−¼
21¾	4	vjPNH pfD				4	6½	6½	6½	
22⅝	3½	vjPNH pfE				7	7	6½	6½	−½
19½	3½	vjPNH pfF				6	5⅝	5⅝	5⅝	
34⅝	16	PSvNM2.92		18.	6	2416	16⅝	d15⅝	16	−⅜
27¼	30	PSEG s	2	8.8	9	2257	22⅞	22½	22⅝	−⅛
86	71	PSEG pf7.80		9.9		z50	79⅛	79⅛	79⅛	
84⅝	73	PSEG pf7.52		9.6		z300	78	78	78	
3⅞	1⅞	Publick				100	1⅞	1⅞	1⅞	
23½	12¾	Pueblo	.20	.8	21	55	25¼	25¼	25¼	
36½	16⅞	PR Cem		1.4	7	26	36	35½	35⅝	+⅛
21⅞	17¼	PugetP1.76		9.4	9	247	18¾	18⅝	18⅝	+⅛
9¾	3⅝	Pultmn	.12	2.0	16	253	6⅛	5⅞	6	+⅛
10⅛	8½	PutnHI n.85		11.		94	8	7¾	7⅞	
16½	10	PutMam				2578	10⅛	10	10	
18½	9¼	PutMI s1.10		11.		506	9¾	9½	9¾	
16⅛	9⅞	PutPr n.10e		1.6		2014	10½	10	10	
7⅞	6⅛	Pyro			12	362	5⅞	5¾	5⅞	+⅛
25½	7½	QMS			16	2212	12	10½	11⅛	+⅝
4⅛	1	Quantel			4	464	1¼	1⅛	1⅛	
57⅝	31¾	QuakrO	1	2.1	18	3926	47¾	46	47⅝	+2½
28½	12⅞	QuakSC80		3.3		2846	24¾	23⅞	24½	−⅜
9¾	6⅞	Quanex			16	208	9⅛	9	9	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60	50	Xerox	3	5.5	10	1280	54½	53½	54¼	+⅛
50¾	46¾	Xerox pf4.15		8.5		2	48¾	48¾	48¾	−¼
35¾	19⅛	XTRA	.64	2.0	16	188	32⅜	32⅛	32⅛	+¼
45¼	17½	Yorkin			14	258	45	44⅞	44⅞	+⅛
7¼	2¼	Zapata				407	3¼	3⅛	3⅛	−⅛
37	13½	Zayre	.40	1.7	11	5888	24¼	23¼	23⅝	−⅜
16⅛	8¾	Zemex	.40	3.0	17	7	13¼	13¼	13¼	
33⅝	10	ZenithE				3285	20⅞	19¾	20⅛	+¼
16⅛	16	Zenln s				137	16⅛	16	16⅛	
11½	1¾	ZeoLab				255	2⅝	2¼	2¼	−⅛
24	13½	ZenNtl	.20	4.0	10	397	28¾	29¼	29⅞	−½
20⅝	11⅞	Zero	.36	2.6	15	613	14⅞	13¾	14⅞	+⅜
30¾	15	Zurnin s.68		3.3	14	199	20⅝	20⅝	20⅝	
16⅝	7⅞	Zweig 1.34e		13.		526	16½	16	16	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 47

AMERICA

Blue chip issues lead Dow advance

Wall Street

LED BY blue chip buying and some strong corporate earnings, Wall Street stocks rebounded yesterday from a midsession sell-off, although the market did not regain its earlier highs, *writes Deborah Hargreaves in New York.*

The credit market firmed slightly during the day, as traders covered some short positions in the US Treasury bond market after the Government's estimate of first quarter Gross National Product. But the bond market kept within a narrow range and trading was quiet.

However, with a seasonally adjusted rise of 2.3 per cent, GNP was in line with market expectations in contrast to other economic data released recently, such as March consumer and producer pricee and the February trade deficit, which were big disappointments for the market.

The Dow Jones Industrial Average closed at 2,044.76, up 8.79 points, regaining momentum in the last hour of trading after eroding its early gains. Broader market indices also put in a strong showing, with the Standard & Poors Composite up 1.47 points at 263.93 and the New York Stock Exchange Composite up 0.72 to 148.93.

NYSE volume was moderate with some 152m shares changing hands and advancing issues leading decliners by a ratio of three-to-one.

Blue chip issues showed some strength yesterday with IBM up $⅝ at $114¼. Merck, the drugs maker, gained $1¼ to $158¼ and McDonalds was up $1 at $43¼.

American Telephone and Telegraph lost $⅛ to $26¾, following the announcement late on Mondey that Mr Vittorio Cassoni would step down as head of its computer division and return to Italy's Olivetti. That was interpreted by some analysts as a sign of tension between the two companies.

Strength continued in the oil sector after five leading companies reported substantial increases in first quarter earnings on Monday and Opec began talks with non-member producers in a bid to bolster prices. Texaco lost $¼ to $48½ despite yesterday's announcement of a rise in its first quarter incoma to $1 from 49 cents in the same quarter a year ago.

Exxon was up $½ to $32¾, Mobil added $¾ to $48 and Amoco rose $⅞ to $78⅞.

Among companies reporting quarterly earnings, Cincinnati Milacroo, the machine-tool maker, rose $⅛ to $22¾ on news that its first quarter operating profit had risen to 20 cents per share from 13 cents a share in the same quarter last year.

Quaker Oats, the food company, was up $2½ to $47⅞, Baxter Travenol, the laboratory-maker, gained $¼ to $22⅞ and *Mesa LP, the oil and gas exploration* company, was up $⅛ at $12⅞ after all reported higher quarterly earnings.

In the takeover area, Lucky Stores rose $1⅞ to $55⅞ after the company said it had received another takeover offer. Lucky said the offer was in connection with its effort to find alternatives to American Stores' $45-a-share tender offer and $50-a-share marger proposal, which it has rejected.

Micom Systems, a data communications company, increased $2⅛ to $15⅞ in over-the-counter trading after the company said it received a takeover offer. Rhodes, a home furnishings firm, gained $½ to $22 after it agreed to be acquired by Green Capital Investors for $242.4m.

Aside from some shortcovering, the credit markets were little affected by yesterday's Gross National Product figure with trading remaining quiet in advance of further *economic data* to be released later this week.

The GNP deflator – a key inflation measure – rose at an *annual rate* of 2.4 per cent during the first quarter, which was lower than the 3 per cent rise traders had expected, leading some to cover short positions. That gave the market a fillip in early trading, but prices remained within a narrow range.

At a briefing in Washington, Mr Beryl Sprinkel, chairman of the President's council of economic advisers, said he did not think a recession or an upsurge *of inflation was on the cards for* this year. First quarter GNP figures showed no resurgence of inflation, he said, warning that overall demand growth must slow to an appropriate and sustainable pace to keep inflation at bay.

Price movement in the bond market was muted with the benchmark Treasury long bond closing unchanged after eroding earlier gains at 98⅝ with a yield at 9 per cent. The Fed funds rate was steady at 6⅞.

Canada

BASE METALS advanced, but other prices closed mixed, off the day's highs.

The composite index was up 7.9 points at 3344.00, and declines outpaced advances 440 to 364. Volume was a light 19.5m shares.

Noranda said it intends to maintain its price for overseas sales of zinc at $1,050 per tonne, $20 above most producers.

The price of zinc on the London Metal Exchange hit $1,090 before easing back. Noranda shares closed at 22⅜, unchanged.

SOUTH AFRICA

INTEREST remained subdued in Johannesburg yesterday and stocks closed little changed after a day of lacklustre trading amid an absence of fresh incentives.

Gold stocks closed marginally higher on limited overseas buying as the bullion price drifted below $450.

Freegold rose 50 cents to R28.75 while Kloof gained 25 cents to R29.25. Vaal Reefs improved by 50 cents to R240.50 and Harmony added 25 cents to R22.25.

However, Hartebeest eased 25 cents to R19 and Elandsrand closed at R13.85, a loss of 15 cents.

Among mixed mining houses, Anglo American eased 50 cents to R47.25. Gencor rose by 50 cents to R48.5 while GFSA finished 25 cents higher at R49.25.

Industrial shares also closed mixed. Messina rose 35 cents to R13.75 while SA Breweries shed 50 cents to finish at R16.

ASIA

Nikkei edges up to second high

Tokyo

A WAIT-AND-SEE mooc strengthened its hold in late trading, as the Nikkei average rose moderately to hit anotbei all-time high in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average closed 33.32 higher at 27,246.77, scaling s new peak for the second day running, after moving between a high for the day of 27,339.14 and a low of 27,190.52.

Volume expanded steadily from the previous day's 871m to 1.06bn shares. Advances outnumbered declines by 474 to 432, with 163 issues unchanged.

With the start of trading for May settlements, the market opened stronger in dealer-lad activity. Non-residents, business corporations and individuals stepped up buying in the morning, encouraged by a steady overnight rise on Wall Street and the stable yen against the dollar. Interest focused on giant-capital, high-technology and consumer spending-related stocks.

Buyers' enthusiasm lost steam in the afternoon in anticipation of the announcement later in the day of US Gross National Product (GNP) data for the first quarter.

Some investors were encouraged, however, by the Bank of Japan's purchase of Y200bn worth of one-month commercial bills – a move interpreted as an indication of easy credit conditions to come.

Large-capital etocks closed weaker. Nippon Steel shed Y7 to Y470, after opening Y3 up on the previous day's close, on the second biggest volume of 31.20m shares, while Nippon Kokan was down Y3 at Y394 and Mitsubishi Heavy Industries was off Y11 at Y725.

Toshiba Corp remained the most active stock, with 82.28m shares traded, but ended Y10 lower at Y852 on late profit-taking.

Other heavy electricals also lost strength, with Mitsubishi Electric declining Y16 to Y750 and Hitachi losing Y20 to Y1,460.

The high-technology sector eased on small-lot selling. Matsushita Electric Industrial was unchanged at Y2,780, while Sony plunged Y100 to Y5,500 and NEC fell Y40 to Y2,190.

In contrast, foods and department stores were firmer. Asahi Breweries climbed Y50 to Y2,340 on strong sales of beer, Morinaga gained Y27 to Y850 and Sogo, a major department store chain, rose Y60 to Y1,430.

Expectations of higher non-ferrous metals prices gave related stocks a helping hand. Mitsui Mining and Smelting strengthened Y14 to Y464 and Nippon Light Metal improved Y19 to Y888.

Elsewhere, Aoki, a large contractor, firmed Y50 to Y1,050.

Nissan Motor, which made major gains the previous day, finished Y5 down at Y995 on late light selling after temporarily adding Y10 to Y1,010.

Bonds moved only a little, with dealers waiting for the announcement of the US GNP figures and the outcome of talks on issue terms for May government bonds maturing in 10 years, which are to be fixed today.

The dominant view among dealers is that, if the coupon rate on the new issue is set at 4.6 per cent – unchanged from that on the April issue – the April and May issues, worth Y2,000bn, would replace as bellwether bonds the 5.0 per cent government bond due in December 1997.

The April issue, therefore, traded above par at a yield of 4.55 per cent in over-the-counter trading, while the yield on the present bellwether 5.0 per cent government debt paper fell slightly from the previous day's 4.445 per cent finish to 4.440 per cent.

In Osaka, share prices continued to sprint ahead, with the Osaka Securities Exchange average gaining 139.85 to 27,200.63 on a turnover of 126m shares, up 28m shares.

Hong Kong

MODERATE trading in Hong Kong left stocks lower, as overseas institutions took profits before the US Gross National Product figures.

The Hang Seng index lost 37.78 to 2,585.97.

Market players were also cautious as the release of Hong Kong's March trade data approached.

After trading closed, the Government announced that domestic exports had fallen 3 per cent compared with the same month last year and were up only 3 per cent on February this year.

Utilities were hardest hit, amid rumours that Britain's Cable & Wireless and the Hong Kong Government would soon offload *about 9 per cent of Hong Kong* Telecom's outstanding shares onto the market. Hk Telecom fell 15 cents to HK$7.15.

Other utilities also declined, with China Light down 30 cents at HK$18.30 and Hk Electric slipping 10 cents to HK$7.60.

Wah Kwong Shipping rose 20 cents to HK$5.20, with about 13.3 per cent of its stock traded.

Semi-Tech declined 4 cents to 76 cents after a placement of 300m new shares at 73 cents each. Shun Tak, which bought 70m of the Semi-Tech shares, gained 2½ cents to HK$3.70.

Australia

THE POSITIVE effect of Wall Street's gains on Friday and Monday evaporated as the gold price *fell*, leaving stocks in Sydney mixed after a thin day's trading.

The All Ordinaries gained 4.6 to 1,441.20, while the All Mining rose 6.9 to 692.7. National turnover was 88m shares worth A$115m.

Foreign investors showed little interest, reinforcing local institutions' nervous mood.

Among market leaders, BHP gained 2 cents to A$7.76 and Elders IXL rose 7 cents to A$2.97.

Qintex added 5 cents to A$4.50, despite news that it will have to sell three television stations. News Corp shed 5 cents to A$13.90 and Bond Media fell 1 cent to 55 cents.

Western Mining dropped 18 cents to A$5.30, despite the A$63.5m first quarter profit posted by Alcoa Australia, in which it owns a 42.5 per cent stake.

Elders Resources, which will soon merge with NZ Forest Products, shed 2 cents to A$2.43.

Singapore

INVESTORS showed little interest in Singapore as they paused for the release of the US figures and the announcement this week of an increase in employers' contribution to the Central Provident Fund.

Stocks closed slightly lower in quiet trading.

The Straits Times Industrial Index lost 3.18 to 956.42, after some profit-taking late in the day. Turnover dropped to 13.5m from 19m.

Shipping group NOL was again active, ending unchanged at S$1.39 as 1.1m shares changed hands.

Sime Darby gained 2 cents to S$2.72 on turnover of about 1m shares.

Inchcape Berhad, the services and marketing group, slipped 4 cents to S$4.66 in spite of Monday's announcement of a 1987 profits rise of 82.3 per cent to S$68.5m on turnover slightly down at S$438m from S$456m.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	TUESDAY APRIL 26 1988 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	MONDAY APRIL 25 1988 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1988 High	1988 Low	Year ago (approx)
Australia (89)	120.74	+0.5	95.47	106.13	4.09	120.16	95.01	105.72	122.31	91.16	128.53
Austria (16)	91.51	−0.2	72.36	79.62	2.63	91.71	72.52	79.86	98.18	84.35	91.94
Belgium (65)	125.52	−0.2	99.25	109.11	4.58	125.83	99.50	109.39	139.89	99.14	120.94
Canada (126)	124.20	+0.5	98.20	110.48	3.01	123.57	97.71	110.20	125.49	107.06	124.78
Denmark (39)	120.20	+0.6	95.05	105.16	2.74	119.50	94.49	104.83	123.36	111.42	112.83
Finland (25)	127.60	+1.2	100.89	106.83	1.97	126.04	99.66	105.70	127.89	106.78	–
France (121)	89.42	+2.3	70.71	79.82	4.27	87.42	69.13	78.10	89.42	72.77	119.43
West Germany (99)	76.63	−1.0	60.59	66.73	2.75	77.37	61.18	67.48	80.79	67.78	93.26
Hong Kong (46)	102.27	−1.1	80.86	102.62	4.44	103.39	81.75	103.73	105.83	84.90	103.28
Ireland (18)	120.60	+0.3	95.36	106.54	4.30	120.29	95.11	106.46	123.91	104.60	119.32
Italy (102)	76.76	+0.7	60.70	71.39	2.63	76.25	60.29	70.98	81.74	62.99	109.72
Japan (457)	173.89	+0.0	137.50	137.12	0.52	173.81	137.43	137.11	177.27	133.61	149.60
Malaysia (36)	129.81	+0.5	102.64	128.68	2.81	129.13	102.10	127.91	130.18	107.83	155.25
Mexico (14)	133.34	−1.5	105.43	332.40	1.07	135.33	107.01	337.35	176.90	90.07	160.06
Netherland (38)	108.99	+0.8	86.18	93.45	4.95	108.10	85.48	92.83	110.66	95.23	112.69
New Zealand (22)	77.26	−0.8	61.09	61.51	5.33	77.86	61.56	61.52	79.15	64.42	95.52
Norway (25)	129.78	+2.7	102.62	108.82	2.71	126.31	99.88	106.00	129.78	98.55	134.86
Singapore (26)	110.00	−0.2	86.98	101.54	2.46	110.20	87.14	101.80	114.93	97.99	125.71
South Africa (60)	124.54	+0.3	98.48	78.01	5.37	124.15	98.17	78.21	139.07	118.16	168.63
Spain (42)	131.99	−0.1	120.18	127.23	3.35	152.07	120.24	127.76	155.36	130.73	111.25
Sweden (38)	121.88	+1.3	96.37	106.00	2.66	120.30	95.12	104.76	124.75	96.92	121.67
Switzerland (56)	79.61	+1.0	62.95	68.43	2.49	78.83	62.33	67.86	86.75	76.22	96.75
United Kingdom (330)	139.86	+1.2	110.59	110.59	4.32	138.25	109.31	109.31	141.18	123.09	135.09
USA (583)	107.34	+0.6	84.87	107.34	3.57	106.71	84.37	106.71	110.51	99.19	116.01
Europe (1014)	109.40	+0.8	86.50	91.47	3.84	108.53	85.82	90.82	110.71	97.01	117.08
Pacific Basin (676)	168.97	+0.0	133.61	134.46	0.70	168.91	133.56	134.46	172.26	130.81	147.13
Euro-Pacific (1690)	145.15	+0.3	114.77	117.39	1.66	144.77	114.47	117.14	147.53	120.36	135.14
North America (709)	108.24	+0.6	85.58	107.54	3.54	107.61	85.09	106.93	111.28	99.78	116.47
Europe Ex. UK (684)	90.53	+0.5	71.58	79.46	3.40	90.12	71.26	79.21	92.81	80.27	106.06
Pacific Ex. Japan (219)	109.67	−0.1	86.72	100.34	4.17	109.83	86.84	100.48	111.82	87.51	116.99
World Ex. US (1890)	144.22	+0.3	114.03	116.85	1.73	143.82	113.72	116.60	146.49	120.26	135.15
World Ex. UK (2143)	129.03	+0.3	102.02	113.87	2.09	128.65	101.73	113.59	130.28	111.77	126.95
World Ex. So. Af. (2413)	130.01	+0.4	102.80	113.81	2.29	129.53	102.42	113.43	130.96	113.26	127.40
World Ex. Japan (2016)	108.90	+0.6	86.11	101.37	3.69	108.22	85.57	100.78	110.99	100.00	117.25
The World Index (2473)	129.98	+0.4	102.78	113.55	2.31	129.50	102.39	113.17	130.92	113.37	127.67

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ index), 90.791 (Pound Sterling) and 94.94 (Local).

UK funds 'confident' about US investment

By Alison Maitland

BRITISH fund managers remain confident about the long-term potential of US equities despite the October crash, according to a survey by Broadgate Consultants, a New York subsidiary of London-based brokers Hoare Govett.

In the short-term, however, Japan is seen as far more promising, according to the survey of 50 UK institutional analysts and fund managers.

Most of the respondents revealed that their portfolios were substantially underweight on US equities after the *heavy selling that followed the* crash.

UK investors sold a net $16.6bn of foreign equities in the fourth quarter of last year, of which $5bn was US stock, according to a recent study by Salomon Brothers, the US investment banking and securities firm.

In the Broadgate survey, only 10 per cent said their firms currently had more than a quarter of their investments in the US, when American equities represent about 31 per cent of world market capitalization. Half the respondents said only 5 to 10 per cent of their assets were in the US.

But 72 per cent said they would be showing greater interest in US companies in the next three years, against only 2 per cent who would show less interest.

The immediate drawbacks included the possibility of a US economic recession, with 82 per cent saying they were greatly concerned about this.

Seventy-eight per cent also cited the quality of management as a major concern, and 54 per cent pinpointed the quality of corporate disclosure.

Meanwhile, Japan presents *good or excellent investment* opportunities over the next six months, according to 46 per cent of the respondents. Only 28 per cent said the same of the US.

As for continental Europe, only 18 per cent believed that prospects were good over the coming six months, while 48 per cent saw them as fair and 22 per cent as poor.

EUROPE

Takeover activity injects interest as Paris recovers

TAKEOVER news and the overnight gains on Wall Street gave an impetus to markets in Europe yesterday, but the impending US *gross national* product *figures* hung over trading and held soma investors back.

PARIS made a strong recovery from its setback on Monday as foreigners stepped in to pick up bargains and takeover speculation sparked off fresh interest.

The Indicateur de Tendance, which had lost 2.8 per cent on Monday after the first round of the presidential election, rose 2.1 per cent to 111.5. Turnover *remained* moderate at *about* Monday's level of FFr1bn.

Blue chips that attracted buying included Peugeot, up FFr30 at FFr1,060, and Michelin, which rose FFr5 to FFr188.50 after recent losses.

Compagnie du Midi more than made up Monday's fall by rising FFr70 to a year'e *high of* FFr1,810. Paribas, regarded as a possible "white knight" for Midi in the event of a hostile takeover bid by Italy'e Generali, added FFr9.80 to FFr349.90.

Telecommunications stock SAT, in whicb Matra has announced it holds a 15 per cent stake, soared FFr141, or 19 per cent, to a 1988 high of FFr880 on takeover speculation.

Metals group Penarroya was one of the most active stocks, *ending FFr5.95 higher at FFr45.45* after last week'e announcement that it would merge its activities with Preussag of West Germany.

ZURICH was boosted by Nestlé'e bid for Rowntree of the UK and by Wall Street'e advance on Monday and the firm dollar. Turnover picked up but some investors were cautious about the US GNP data, which were released after the close. The Crédit Suisse stock index rose 5 to 448.4.

Nestlé bearer lost SFr30 to SFr8,400 after Rowntree rejected its £2.1bn offer worth 890p a share as unwelcome. But rival Jacobs Suchard, which bought 14.9 per cent of Rowntree in mid-April at 630p a share, rose SFr275 to SFr8,225. Jacobs announced a one-for-five rights issue to raise SFr550m.

AMSTERDAM had a quiet day awaiting the US data, which turned out to be much as expected and left the market unruffled. Speculative stocks injected a little life and the CBS all-share trend index added 0.3 to 84.4.

Textiles stock Nijverdal-Ten Cate rose Fl 2.30 to Fl 90.20 on high turnover amid speculation it might be a takeover target; among suggested suitors were Akzo and Du Pont of the US. Nijverdal itself has said it is interested in US acquisitions.

Royal Dutch added Fl 2.50 to Fl 281, lifted by Exxon'e 36 per cent rise in first quarter profits.

FRANKFURT continued lower in thin and listless trading, with the FAZ index shedding 5.09 to 446.68.

Daimler was a major loser, dropping DM14.90 to DM615.10 after hitting a low of DM610 following a negative magazine article about the car group. Its AEG aubsidiary eased 30 pfg to DM204.70 after announcing steady 1987 profits.

Chemical Hoechst, which said net profit rose 16 per cent last year and proposed an extra DM1 anniversary dividend, eased DM2 to DM252.50.

Machinery maker Linde lost DM10.50 to DM615 after rising DM12.50 on Monday on prospects of an increased dividend.

Bonds fell in thin trading, with the yield on the 6¼ per cent 1998 *bond rising to just over 6.37 per* cent, the highest for federal 10-year yields since January.

MILAN was still in a holiday mood after Monday's break for the National Day of Liberation. Trading was very quiet and stocks closed slightly firmer. The MIB index gained 0.57 per cent to 1,050.

Those investors who returned were cautious about what measures would be taken to reduce the budget deficit.

Most interest focused on the De Benedetti group, with Cofide rising L16 to L5,231 and Cir gaining L256 to L5,830. Cir's annual shareholders' meeting on Friday *is expected to reveal the* company's future strategy.

STOCKHOLM saw broad gains in active trading, with the Affärsvärlden index gaining 7.8 to 808 on turnover of SKr408m as foreigners showed buying interest.

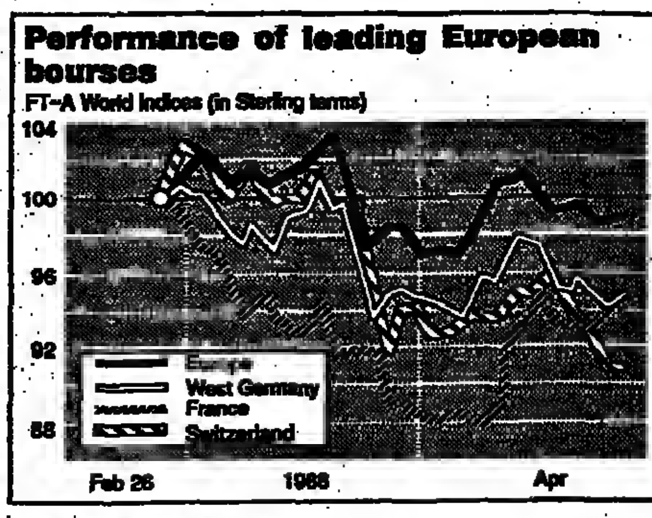
Skanska, the building company, rose SKr6 to SKr357 after reporting nearly doubled 1987 profits.

BRUSSELS closed narrowly mixed in light trading. The Brussels stock index closed down 11.09 at 4,656.47.

Générale de Banque dipped BFr40 to BFr5,460 after announcing it is to join Amsterdam-Rotterdam Bank to form a multinational, integrated banking group within three years.

Performance of leading European bourses

FT-A World Indices (in Sterling terms)



London

LONDON was set alight by the takeover offer for Rowntree Mackintosh from Nestlé of Switzerland, with the FT-SE 100 index breaching the 1,800 level, rising 23.2 to 1,800.8.

Textile company Courtaulds was boosted by speculation of a takeover bid from Hoechst of Germany or Du Pont of the US.

Rumours also pushed up Cadbury Schweppes, focusing on a possible move by General Cinema of the US.